

C-19 Market Reactions and Forecasts in AV, Digital Signage and Advertising

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April 2020

Agenda

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PJ SOLOMON Firm and Approach

We are an independently operated investment bank with proprietary access to research, financial capabilities and international coverage available through our parent company Natixis

- Founded in 1989
- We advise on mergers, acquisitions, divestitures, restructurings, recapitalizations, capital markets solutions and activism defense across a range of industries
- Our principal shareholder, Natixis, is part of Groupe BPCE, a top European and global bank



110+	22	80+	8
EMPLOYEES	MANAGING DIRECTORS	INVESTMENT BANKERS	SENIOR ADVISORS

21,000+	38+	€500B+
EMPLOYEES	COUNTRIES	TOTAL ASSETS

a) LTM as of November 30, 2019.
b) 49% owned by partners of PJ SOLOMON.

PJ SOLOMON Media & Tech Services

Overview and areas of focus

We advise clients in the following areas:

Advertising / Marketing Services

- Ad Tech
- Classic Out of Home (OOH) Media and Advertising
- Digital OOH
- Marketing Technology
- Point of Care Media
- Smart Cities / Urban Infrastructure
- Sports / Stadium Marketing
- Transit Media

Global Retail Tech / In-Store Media

- Digital Signage and Interactive Displays
- E-Commerce Tech
- In-Venue Media and Tech
- Kiosk Solutions
- On-Premise Music
- Payments
- Retail Analytics

Professional Audiovisual / Event Tech

- AV Integration
- Audio / Audio Equipment
- Content Distribution and Media
- Conferencing / Collaboration
- Digital Signage
- Event Production
- Meeting Rooms
- Learning
- Security / Surveillance
- Simulation and Visualization

Advertising / Retail Tech / Professional Audiovisual Market Update



COVID-19 Challenges

Short vs. Long-Term Recession?

- Uncertainty around how quickly the economy will recover

COVID-Specific Media Impact

- There will be a slowdown in advertising spend as firms cut back on marketing budgets
- Though media relating to digital signage typically weathers recessions well, it will be more adversely impacted by social distancing and other measures decreasing time spent out of home (“OOH”)
 - Local advertising has been particularly hit due to the closure of most small businesses and will take longer to ramp back up vs. national ad spend
- We expect OOH-specific negative effects will last until the virus is under control, and we remain positive on OOH media in the long-term

COVID-19 Challenges (Continued)

COVID-19 has caused many challenges in the AV industry, causing event cancellations and industry adaptation

Live Events Cancellations

- Many AV professionals have been furloughed, laid off or had their hours drastically cut
- Live in-person events around the globe are on hold

Live Events Adaptation / Evolution

- Live events have had the opportunity to try more virtual options for engaging with larger audiences
- Shift to online content, allowing people to stay connected
- Outpouring of support and resources for displaced event technicians and staff

Greater AV Industry Impact

- Business is slowing across the board in the AV Industry, with a large majority of AV providers (integrators, designers, manufacturers, distributors, service providers) reporting declining sales and revenues
 - Over 40% of AV providers say that they have been affected by supply chain disruptions
 - Over 30% of AV providers have reduced staff
- Providers say that new work has almost disappeared, so companies are utilizing the time to finish projects that were already in production prior to COVID-19

Digital Signage's Role in Flattening the COVID-19 Curve

As society is looking for innovative solutions to curb the COVID-19 pandemic, many within the AV industry are considering ways digital signage could help flatten the curve

Potential Digital Signage Uses

- Digital signage has always been a key tool in information sharing, and the technology can be used to keep people safe and updated
- Cities and communities could use digital signage to share emergency messaging
- Emergency health care centers, such as drive-in testing facilities, could utilize signage to increase awareness
- Integrators are currently working with houses of worship to offer drive-in services, creating an alternative to in-person gatherings
- Grocery stores are placing digital signage around stores to inform people of adjusted hours, shipment delivery status, emergency alerts and updates

Digital Signage COVID-19 Solutions

New public safety enhancing digital signage solutions such as digital signage hand solution dispensers are helping fight COVID-19 and keeping people safe

Digital Signage Hand Solution Dispensers

- By installing advanced hand sanitizer stations, employers can help stop the spread of the infection and improve hygiene
- Dispenser management solution monitors hand sanitizer usage and sends refill alerts
- Digital signage CMS can be used to remotely update the display with important public health messaging or content
- Provides opportunity for business owners to combine traditional digital signage with hygiene enhancement machines
- Specialist market is expanding rapidly with governments mandating hygiene technology measures
- Presents incremental growth opportunity for digital signage channel



Digital Signage COVID-19 Solutions (Continued)

Digital signage developers have created kiosks and tablets to scan for high temperatures and flag people with fever

Temperature Checking Kiosks / Tablets

- Leading integrator Diversified has developed kiosks and tablets to test human temperatures
- Provides initial layer of screening protection by detecting anyone with a high temperature from three feet away within one second
- Available as either a freestanding or wall-mounted kiosk, leverages infrared temperature sensors and advanced algorithms to calculate heat signatures
- Helps reassure people of the health and safety of everyone around them, promoting safety
- Visual temperature readings not only help keep people safe but also lessen mental and emotional burden of those inside



InstaScan Body Temperature Scanning

InstaScan

- InstaScan, an Esprit digital solution, is a product being used to instantly check the body temperature of personnel or patrons ensuring safe and efficient access control
 - Uses high-performance hardware and camera software to provide instant, accurate results
 - Can store over 30,000 faces for fast facial recognition
- Multiple models allow technology to be integrated seamlessly into existing systems
 - Countertop model allows scans for hotel check-in desks, office lobbies and other reception areas
 - Gate model can be used to integrate into existing security gate passages
 - Wall-mounted model can be integrated into access systems to check employees while clocking in and out of work



Hospitality
For safe monitoring and checking on guests



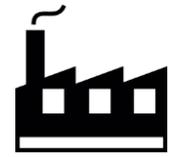
Retail
Back of house, ensuring employees are fit and safe to work



HR
Checking all staff entering their place of employment



Hospitals
Entry to buildings or ICU areas



Factory
Confirming all staff are fit to work before starting their shift



Entertainment
Checking customers are safe and well to socialize



Gyms
Checking users on entry assuring guest safety



Schools
Checking children are safe to attend schools

Audiovisual Industry Consolidation Pre-Virus

There will be further consolidation and opportunities post slowdown



- In February 2020, Diversified acquired Sensory Technologies, further consolidating the audiovisual industry
- Offers strategic expansion of the company's footprint in the Midwest and Northeast regions
- Adds 170 employees to Diversified's global team

- In February 2020, AVI-SPL merged to form the AV industry's largest worldwide entity
 - Two leading digital workplace service providers will combine under the AVI-SPL name
 - Marlin Equity Partners will be the majority shareholder
- Will deliver comprehensive technology management and sustainable support solutions to enhance the end-user experience

Believe combining strengths of businesses will help Diversified continue to grow full service offerings

Believe unification of teams, as well as local / global resources, will drive significant value to customers

Other Recent Mergers and Acquisitions



AV industry consolidation and M&A was on the rise with major acquisition activity prior to the virus slowdown

OOH Media Advantages

While all of OOH media will be impacted by COVID-19, certain industry-specific OOH networks could be impacted less

OOH Advertising Advantages

- Unparalleled ability to aggregate an audience in an era of audience fragmentation
- Top tech brands, which are less impacted by COVID-19, allocate 13% of their media budgets to OOH advertising on average, compared to the 6% average share of total global ad spend
- Technology advances and increasing digitization have enabled DOOH networks to begin to quantify ROI for marketers, with results suggesting great value, especially given the industry's lower CPMs than comparable mediums

OOH Networks Likely to be Impacted Less

Point of Care

- Reaching healthcare practitioners continues to be difficult and point of care networks and advertising is the optimal medium to reach these critical touchpoints

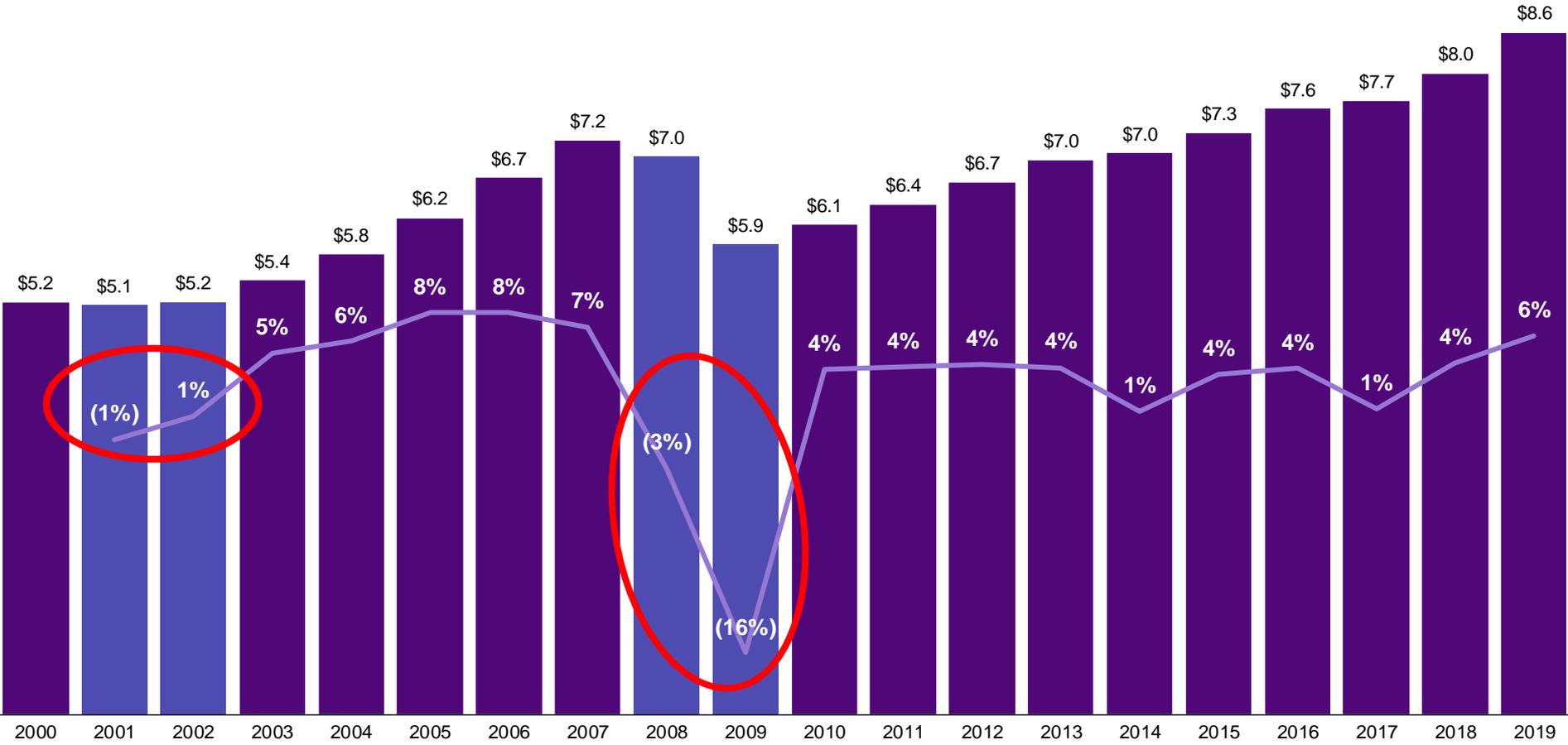
Grocery / Convenience / Drug Store

- Continued need for essentials drives grocery store / pharmacy traffic

2000 – 2019 Total U.S. OOH Ad Spending

(\$ in Billions)

■ Denotes U.S. recession



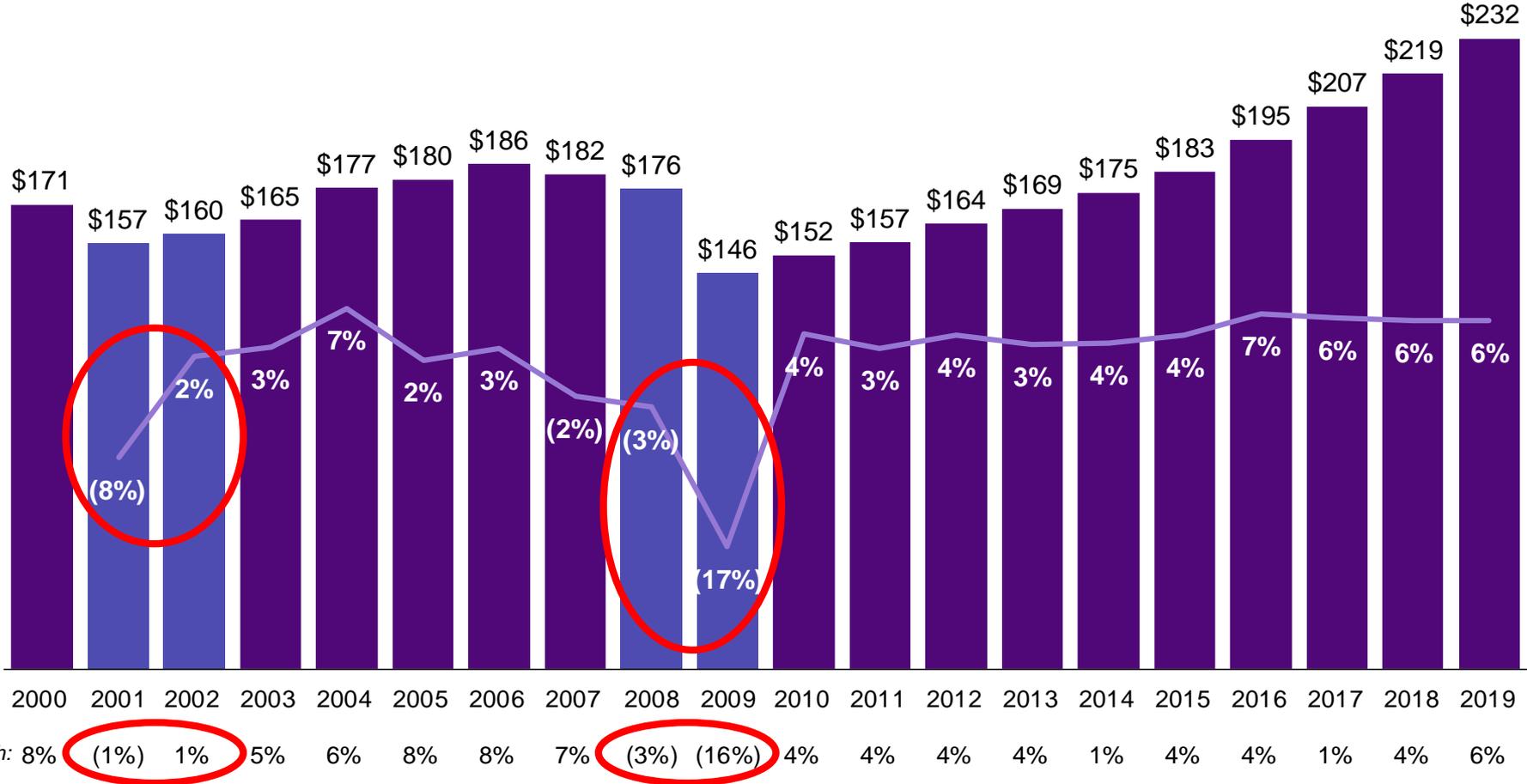
Source: Wall Street Research.

2000 – 2019 Total U.S. Media Ad Spending

- Includes TV, digital, print (e.g., newspapers, magazines), radio, out of home advertising and directories

(\$ in Billions)

■ Denotes U.S. recession



OOH has declined less in past recessions than other ad mediums

Source: eMarketer.

Public Company Response



AV Public Company Response to COVID-19



- Since the start of the COVID-19 outbreak in January in China, Barco has set up a global response team to monitor and support operations on a daily basis
- Have strengthened hygiene measures throughout the organization and enacted business travel restrictions
- Have been able to keep its global production operational
- Production in China has revamped and is now above 90% capacity utilization
- Have organized production in Europe to match regulatory requirements
- For Belgium site, part time economic unemployment measures are being implemented and have been announced
- On April 22, 2020, Barco announced Q1 earnings
 - Sales decreased 2.9% to €235.7 million over Q1 2019
 - Reported a 7.2% decrease in orders over last year at constant currencies



- Daktronics first created COVID-19 response teams to manage local and global response activities
- Have enhanced or implemented robust health, safety and cleaning protocols across the organization
- Recently suspended Ireland and Minnesota production facilities for 2 weeks
- China production facility briefly closed but has since resumed operations
- Board of Directors voted to suspend stock repurchases and suspend dividends for the foreseeable future
- Taking proactive steps to solidify financial position and mitigate any adverse consequences
 - Preserving liquidity by drawing down existing line of credit and pursuing other sources of financing
 - Reducing investments in capital assets
 - Reducing executive pay and board member compensation
 - Instituting initiatives to reduce other costs of business
- As of February 1, 2020, Daktronics had \$40.3M in cash and cash equivalents



- Poly, formerly known as Plantronics, is taking steps to protect the health and safety of employees, stakeholders and the communities they serve
- Products and services have seen increase in demand since pandemic outbreak
- On April 15, 2020, Poly provided a business performance update for Q4 2020, which ended March 28, 2020
 - In Q4, product portfolio saw an increase in demand, driven primarily by enterprise headsets
 - As of March 28, 2020, Poly had ~6 weeks of backlog
 - Increase in demand caused channel inventories to decline in the quarter
- Poly also provided a financial update for Q4 2020
 - Poly now expects GAAP revenues for Q4 2020 to be in the range of \$395 million to \$405 million, compared to its prior range of \$354 million to \$394 million
 - As of March 28, 2020, total cash and short-term investments was ~\$226 million
 - To further preserve financial flexibility, Poly's Board of Directors has authorized the suspension of its quarterly dividend, which will save ~\$25 million

OOH Public Company Response to COVID-19



- Announced on March 25th that it had drawn down \$150mm available under its revolving credit facility
 - Opted to make a cautionary drawdown to further preserve financial flexibility
- On March 30, Clear Channel announced it had agreed to tender to sell its 50.9% investment in Clear Media for \$253mm, as part of Ever Harmonic's acquisition of Clear Media
 - Ever Harmonic Global Limited is owned by a consortium of investors including Han Zi Jing (CEO and executive director of Clear Media) and JCDecaux Innovate Limited
- With the \$150mm in proceeds from the revolver as well as the net proceeds from the Clear Media deal, Clear Channel's cash position would have been ~\$733mm
- Pro forma for the Clear Media transaction, the first lien leverage ratio would be ~4.9x, which is well below the maximum 7.60x under the terms of Clear Channel's senior secured credit facilities

JCDecaux

- Announced on March 25th the withdrawal of its 2019 dividend proposal in order to strengthen its liquidity and balance sheet as well as its financial flexibility
 - Had previously recommended a dividend of €0.58 per share
 - ~€120mm total dividend
- Implementing additional measures to mitigate the negative impact of the crisis, including but not limited to:
 - Cutting discretionary spend and capital expenditures
 - Reducing employee hours
 - Introduction of voluntary salary reduction
- Welcoming early decision from some airports, cities and transport authorities around the world to aid concessionaires including:
 - The suspension of the minimal annual guarantee payments
 - Adjustment of base rent calculations and/or the revenue share percentage
- On March 31, JCDecaux announced it would acquire a minority stake in Clear Media Limited as part of a consortium of investors, funding 23% of the investment



- Lamar has withdrawn its full-year financial guidance
- Lowered expected 2020 capital expenditures from \$130mm to \$58mm
- Drew down \$535MM on revolver
 - Have \$490mm in cash on hand, following revolver drawdown and payment of dividend
 - ~\$112 million remaining availability under the revolver
 - Total leverage ratio of 3.5x net debt-to-EBITDA, as defined under the credit facility

Public OOH companies are taking steps to increase liquidity during the slowdown through capital markets and operational initiatives

OOH Public Company Response to COVID-19 (Continued)



- Have not announced details on response to the COVID-19 outbreak
- National CineMedia as of December 26, 2019
 - Had \$213.3mm in total liquidity, including:
 - \$132.4mm available for borrowing under its revolving senior credit facility^(a)
 - Cash, cash equivalents and marketable securities of \$80.9mm
 - Total net leverage was 4.0x^(b)
 - Well below consolidated net total leverage maintenance of 6.25x
 - Consolidated net senior secured leverage ratio of 3.0x
 - Below covenant of 4.5x

- On March 24th, provided update on state of the business as previously published market expectations are no longer applicable
 - No material debt
 - Strong balance sheet with net cash of approximately £20m
 - Adequate liquidity despite circumstances
- Group is in discussion with lenders to further bolster liquidity position
- Has moved quickly to mitigate the impact of the crisis, taking steps including:
 - Cutting all discretionary spend
 - Reducing employee hours
 - Approaching suppliers and landlords
- Announced that in order to protect jobs, Ocean's Netherlands and UK businesses are reducing the staff working week starting April 1st
 - Introducing voluntary unpaid leave in some areas
 - Staff have been asked to work from home
- Continue to consolidate operations in Ocean Nordics, with the integration of AdCityMedia being fast tracked

a) NCM LLC's total capacity under the revolving credit facility was, subject to certain conditions, \$171.4mm as of December 26, 2019.

b) Leverage was 4.0x trailing four quarters adjusted OIBDA.

OOH Public Company Response to COVID-19 (Continued)



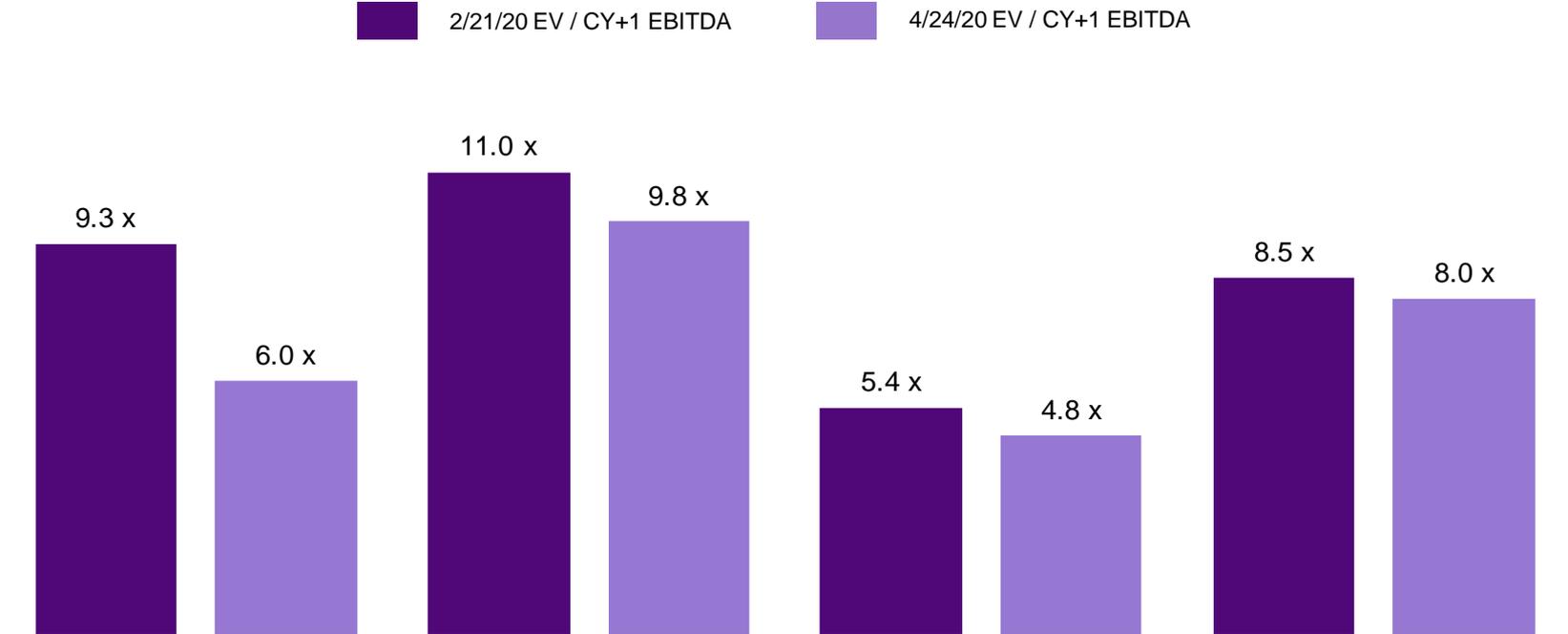
- On March 26th, announced it would undergo a fully underwritten equity raising round of A\$167mm at an offer price of A\$0.53 per share
 - 20% discount to the theoretical ex-rights price (TERP11) of A\$0.66
 - 37% discount to the closing price of A\$0.84 on March 19, 2020
 - At the A\$0.53 issue price, the company will be issuing ~315mm new shares,
 - ~240mm shares outstanding today
 - HMI Capital, a large shareholder, committed to sub-underwriting up to A\$17.7mm, which would increase its stake to between 19% - 25%
- Brendon Cook, who had announced his departure from oOh!media after 30 years, has agreed to stay on as CEO through the crisis
- Have identified a number of cost-saving initiatives including:
 - Savings of up to A\$30mm in operational expenditures and fixed rent expenses
 - Reduction of capital expenditures down from A\$60mm - A\$70mm to between A\$25mm - A\$35mm
 - Renegotiated debt arrangements to increase leverage covenants

- Announced on March 25th that it had drawn the balance of its \$500mm revolving credit facility
- As of December 31, 2019 had cash on hand of \$59.1mm
- Equipment deployment in transit franchises has been suspended
- Announced maintenance capital expenditures will be curtailed from original plans
 - Discretionary growth capital expenditures for digital billboard conversions will be deferred
- Tuck-in acquisition activity has been put on hold
- Having constructive conversations with transit franchise partners regarding potential options
- Negotiating certain billboard ground leases, including those with clauses that allow for reduced rent in light of a reduction in advertising value
- In addition to a headcount freeze, taking steps to reduce posting, maintenance and SG&A expenses
- Withdrew FY2020 AFFO guidance
- In April 2020 OUTFRONT Media announced a \$400 million convertible preferred equity investment by Providence Equity and Ares

Public Market Response



AV Industry EV / CY+1 EBITDA



Audio

Visual

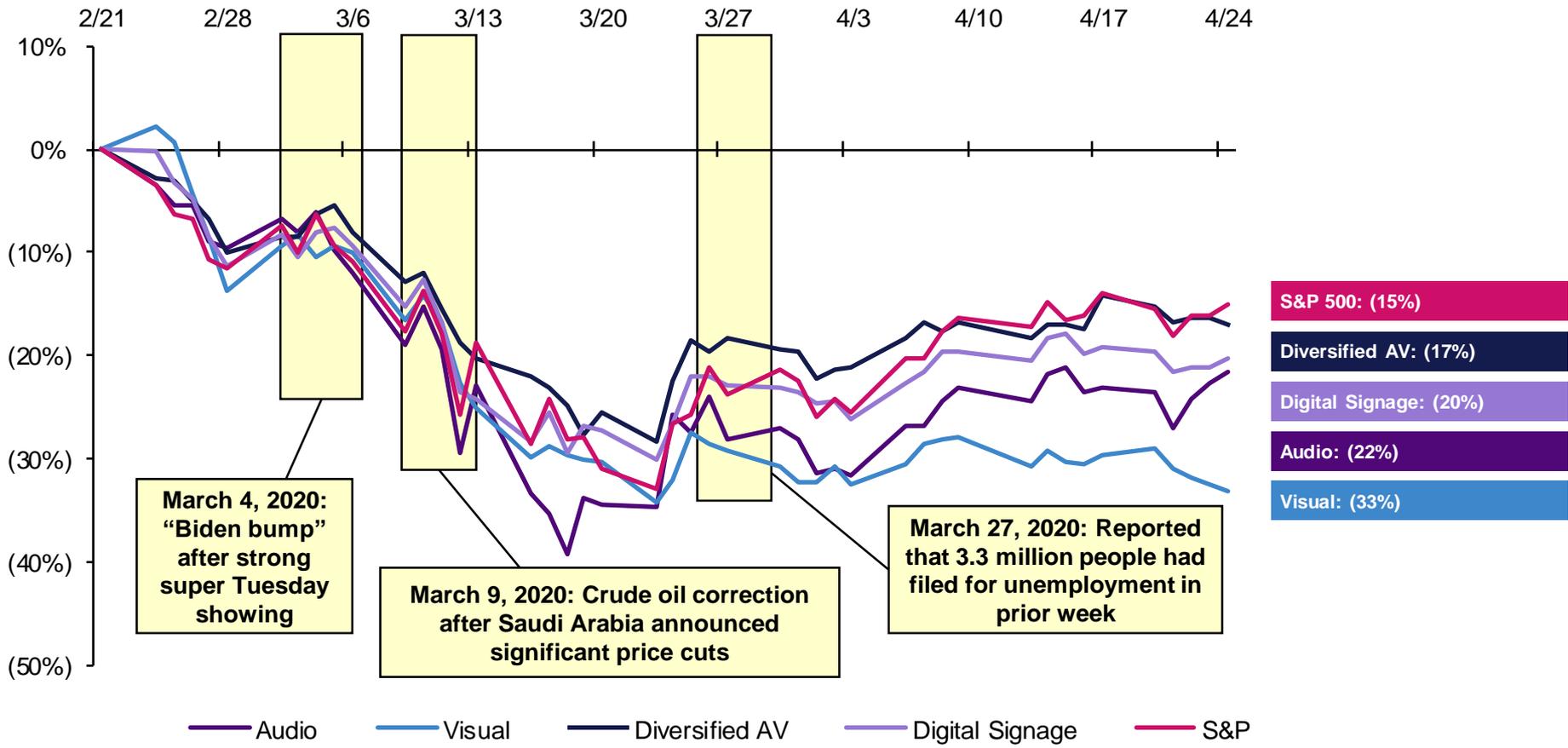
Diversified AV

Digital Signage

Source: Capital IQ from February 21, 2020 – April 24, 2020.

AV Industries Indexed Market Performance

Since February 21, 2020, market values of various AV-related industries have declined, with sector indexes losing between 15% to 35% of their capitalization



Note: Represents changes in total sector market capitalizations.

Source: Capital IQ from February 21, 2020 – April 24, 2020.

Audio includes: Dolby Laboratories, Poly, Sonos, Bang & Olufsen, ZAGG and VOXX International.

Visual includes: TCL Technology Group, Sharp Corporation, Barco, Konka, Japan Display, Technicolor, Funai Electric, ClearOne.

Diversified AV includes: Samsung, Sony, Koninklijk Philips, Hitachi, Panasonic, Toshiba, LG Electronics, Logitech and Hisense Visual Technology.

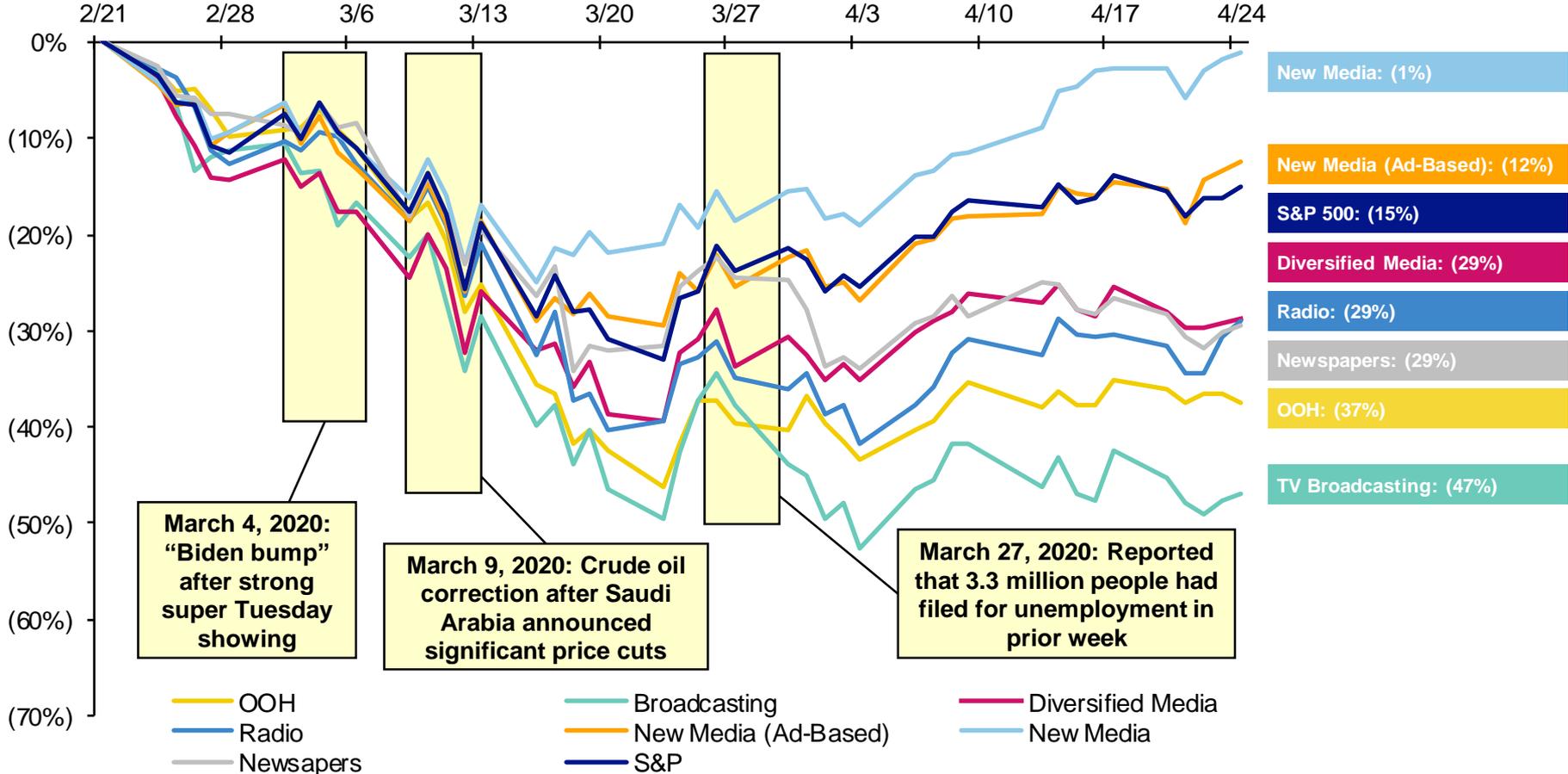
Digital Signage includes: NEC Corporation, Cree, Acuity Brands, AU Optronics, Leyard, Unilumin, EPISTAR, Everlight, Daktronics, Dialight and LSI Industries.

Private and Confidential



OOH and Comparable Industry Indexed Market Performance

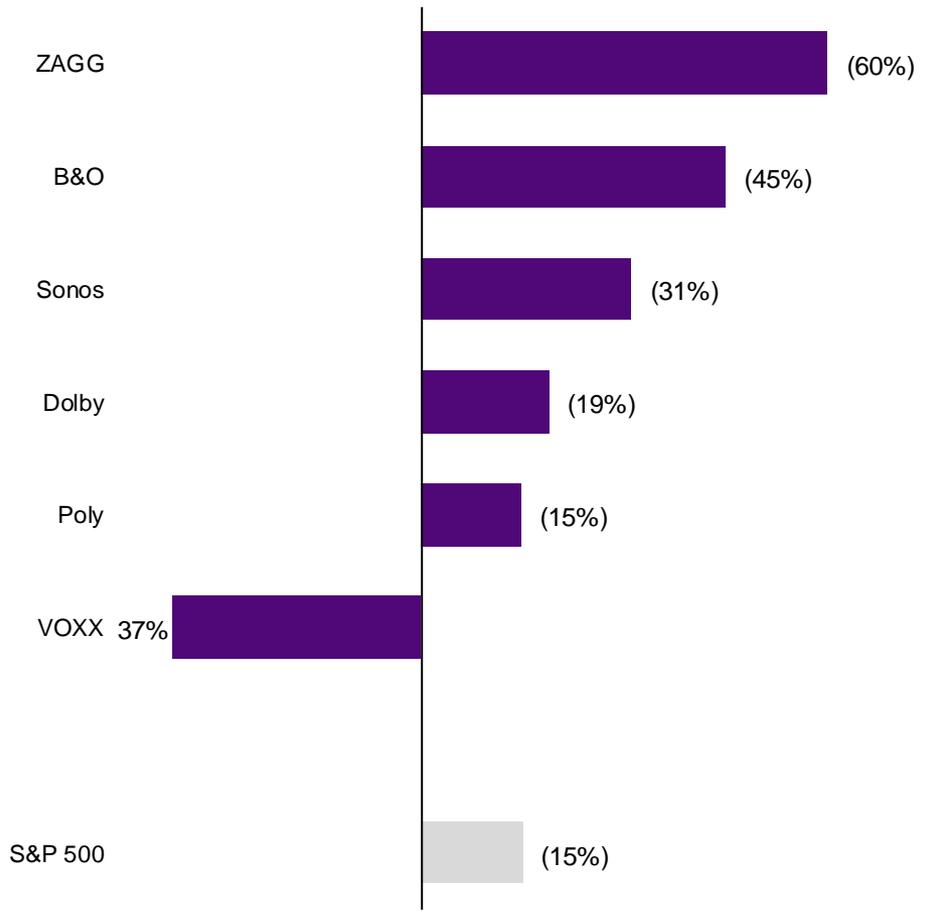
Since February 21, 2020, market values of OOH and comparable industries have significantly declined, with sector indexes losing up to 50% of their capitalization



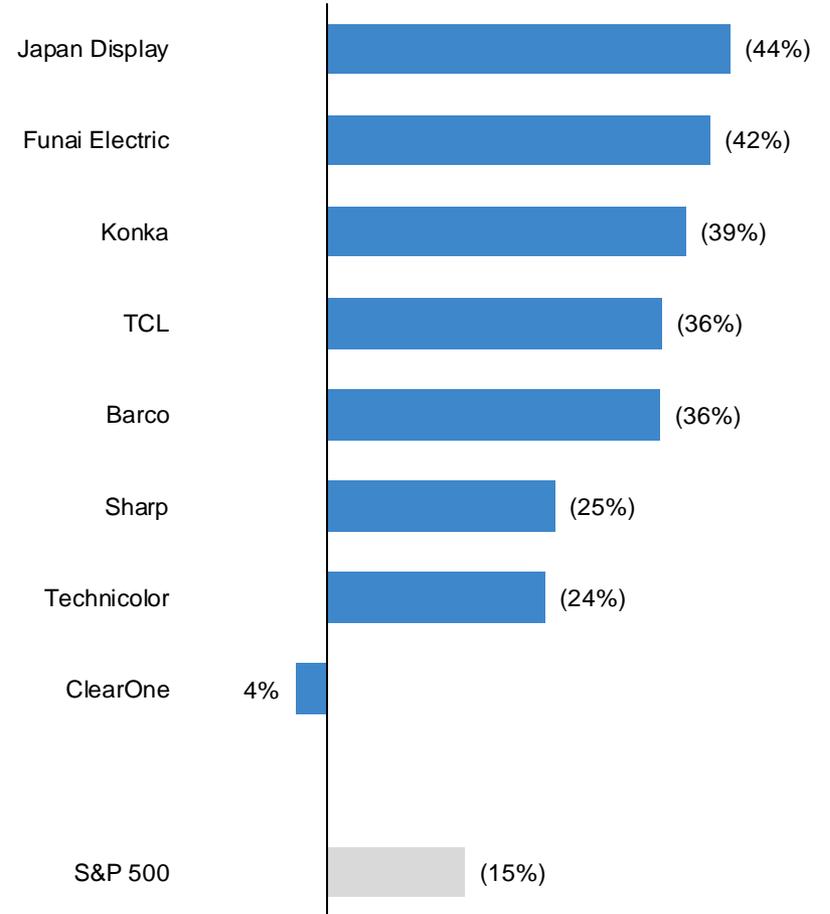
Note: Represents changes in total sector market capitalizations.
 Source: Capital IQ from February 21, 2020 – April 24, 2020.
 OOH includes: Clear Channel, JCDecaux, Lamar Advertising, OUTFRONT Media, Ströer, APG|SSGA, Ocean Outdoor and Focus Media.
 Broadcasting includes: Entravision, Gray Television, Nexstar Media, Sinclair Broadcast, TEGNA and E.W. Scripps.
 Diversified Media includes: ViacomCBS, Comcast, Walt Disney Company, Fox and News Corporation.
 Radio includes: Beasley, Emmis, Entercom, iHeartMedia, Saga, Salem, Sirius XM, Cumulus and Townsquare.
 Newspapers includes: Gannett, New York Times and Tribune Publishing.
 New Media includes: Alphabet, Amazon, Facebook, Netflix, Snap, Twitter, Yelp, Spotify, Match Group and IAC/InterActiveCorp.
 New Media (Ad-Based) includes: Alphabet, Facebook, Snap, Twitter, Yelp.

Change in Stock Price Decrease from February 21, 2020 – April 24, 2020

Audio Companies Change in Stock Price



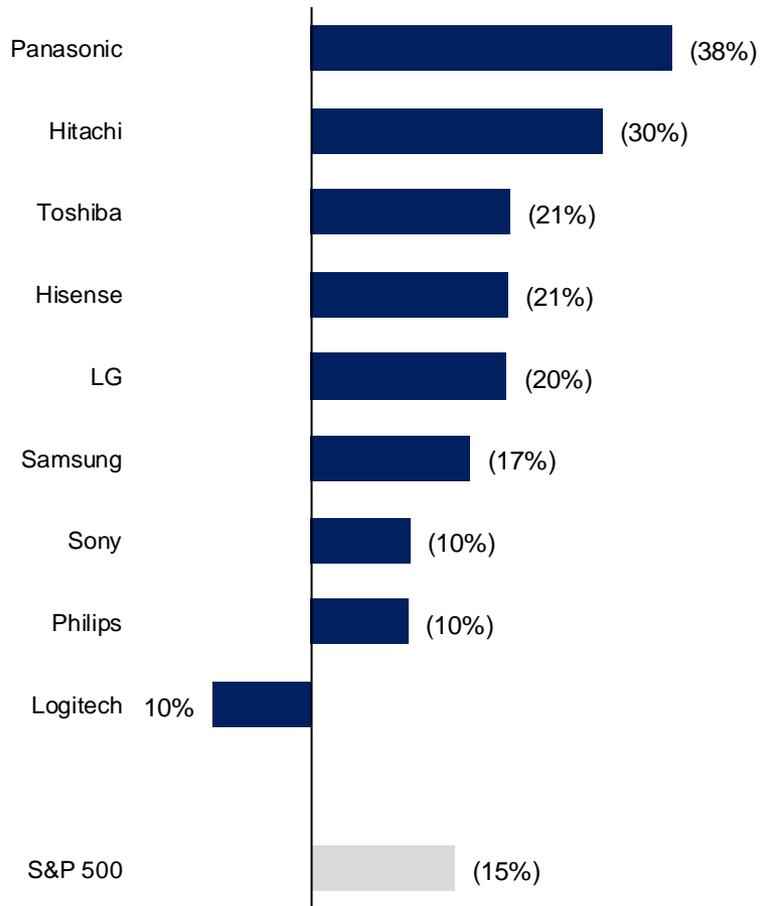
Visual Companies Change in Stock Price



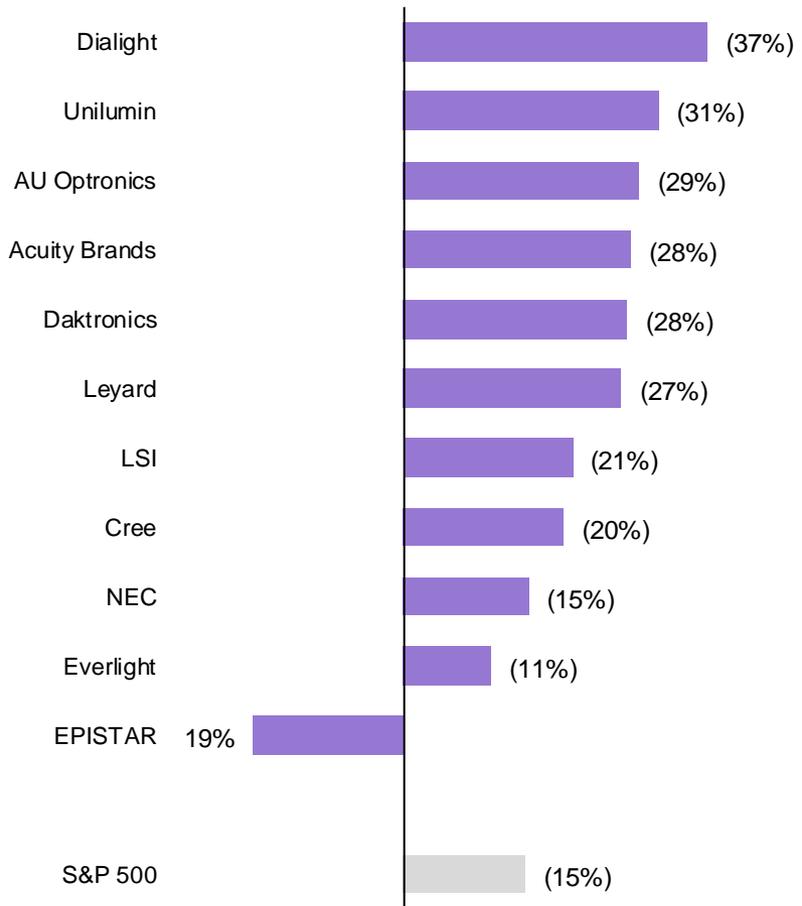
Source: Capital IQ from February 21, 2020 – April 24, 2020.

Change in Stock Price Decrease from February 21, 2020 – April 24, 2020

Diversified AV Companies Change in Stock Price



Digital Signage Companies Change in Stock Price



Source: Capital IQ from February 21, 2020 – April 24, 2020.

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