S&P Global
Ratings

Industry Top Trends 2020

Media and Entertainment

Increasing investment and regulation pose challenges

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Authors

Naveen Sarma
New York
+1 212 438 7833
naveen.sarma@spglobal.com

Jawad Hussain
Chicago
+1 312 233 7045
jawad.hussain@spglobal.com

Vishal Merani
New York
+1 212 438 2679
vishal.merani@spglobal.com

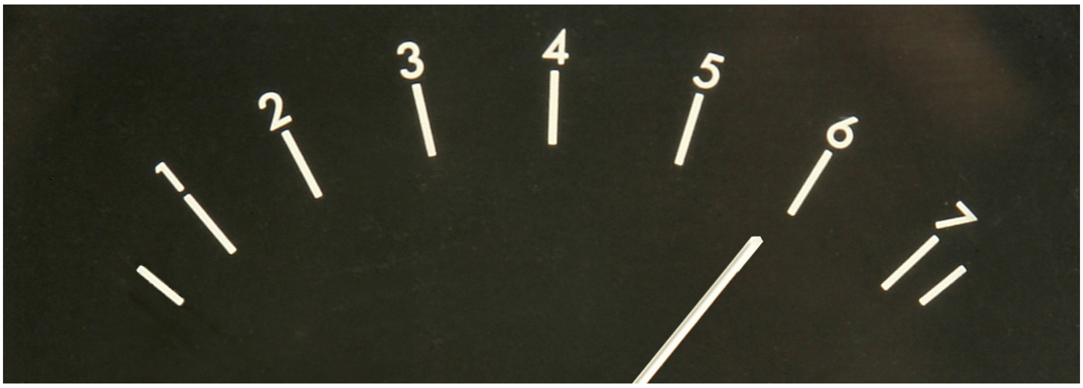
Rose Oberman
New York
+1 212 438 0354
rose.oberman@spglobal.com

Dylan Singh
New York
+1 212 438 1095
Dylan.singh@spglobal.com

Clifford Kurz
Hong Kong
+852 2533 3534
Clifford.Kurz@spglobal.com

Alexandra Balod
London
+ 44-207-176-3891
Alexandra.balod@spglobal.com

Fabiana Gobbi
Sao Paulo
+ 55-11-3039-9733
Fabiana.Gobbi@spglobal.com



What's changed?

New entrants are launching over-the-top (OTT) services. Over the next six months legacy media companies are launching several new OTT services, intensifying competition.

Regulatory risk is increasing. Internet companies face an increasingly challenging regulatory and political environment with greater focus on user privacy, unsafe content, and antitrust/market-power concerns.

What to look for in the sector in 2020?

Escalating content costs. We expect content costs to continue to increase as media companies accelerate investments in premium content across the globe.

Continued, albeit slowing, digital advertising growth. We expect digital advertising in the U.S will increase at low-double-digit percentages. In China, we expect digital advertising to expand about 15% in 2020 from about 20% in 2019.

What are the key medium-term credit drivers?

Evolving media ecosystem. Increasing audience fragmentation, expanding OTT options, and accelerating declines of pay-TV subscribers will drive significant evolution.

Increasing regulatory costs. The regulatory burden on online companies has increased meaningfully and we expect this to pressure compliance costs and margins.

An economic downturn that will pressure advertising growth. Advertising is sensitive to overall economic growth, but economic weakness will affect pockets of the media sector in different ways.

Ratings trends and outlook

Global Media and Entertainment

Chart 1

Ratings distribution by region

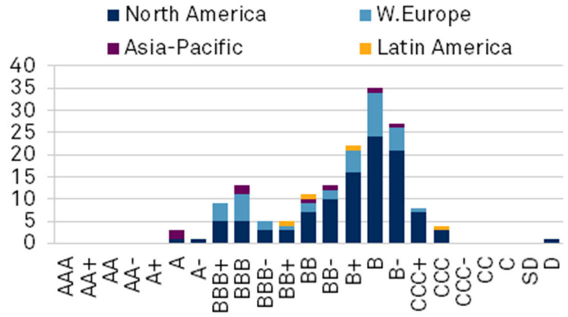


Chart 2

Ratings distribution by subsector

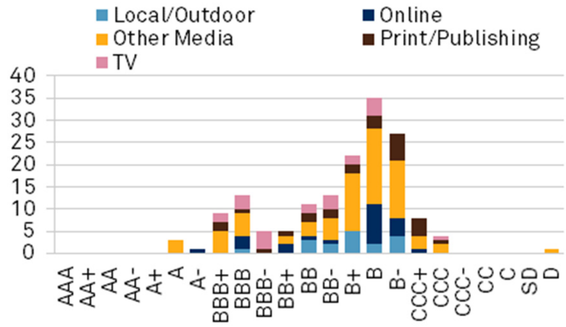


Chart 3

Ratings outlooks by region

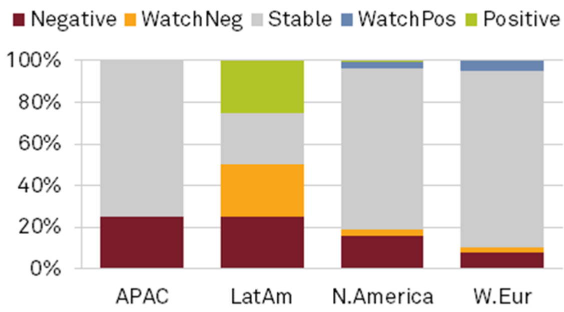


Chart 4

Ratings outlooks by subsector

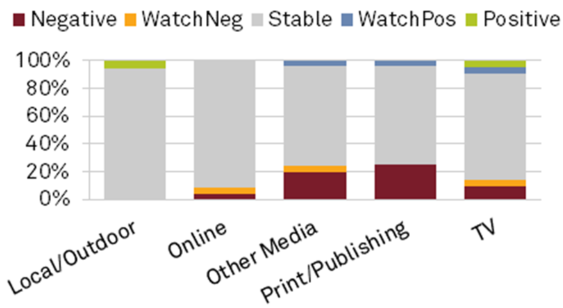


Chart 5

Ratings outlooks net bias by region

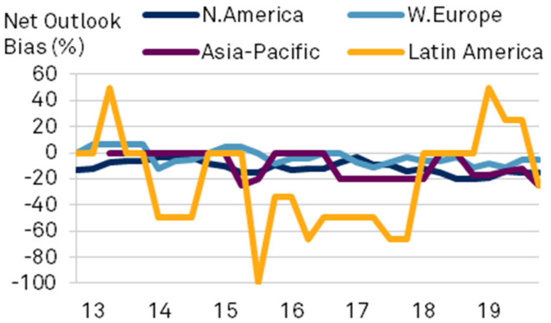


Chart 6

Ratings net outlook bias by subsector

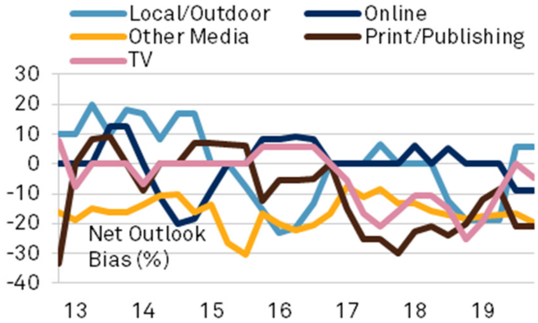


Chart 7

Ratings outlooks

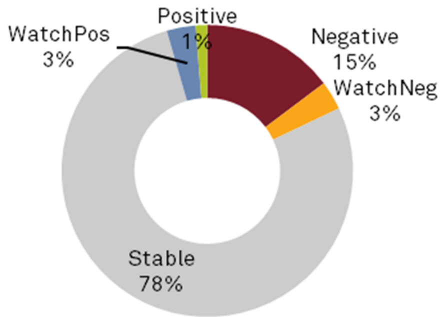
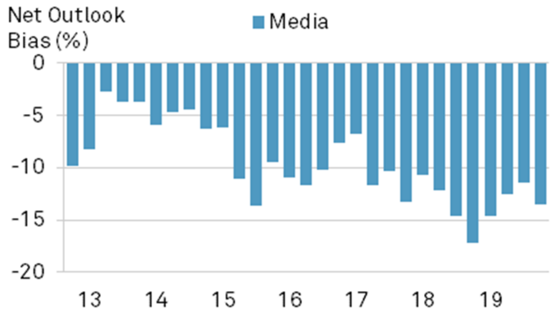


Chart 8

Ratings net outlook bias



Source: S&P Global Ratings. Ratings data measured at quarter end. Data for Q4 2019 is end October, 2019

Television

Key assumptions

1. OTT competition is intensifying globally.

In the U.S., major media companies are set to launch new OTT services in late 2019 and early 2020. These include Disney (Disney+), AT&T (HBO Max), Comcast (Peacock), and Discovery (Food Network Kitchen). We expect them to invest heavily in expanding their services as they compete with incumbent OTT services like Netflix, Amazon Prime, Hulu, and CBS All-Access. In Europe, ITV and BBC are bundling content for the new Britbox offering in the U.K. We consider this a niche product that will not directly compete with Netflix and Amazon, and we do not expect original content investment to spike significantly. In France, Television Francaise (TF1), M6, and state-owned France Television plan to launch joint platform Salto in the first quarter of 2020. In China, competition remains intense, while government restrictions on content have slowed new programming and revenues for major OTT providers.

2. Content investments will continue to increase.

As media companies launch new OTT services, we expect them to invest heavily in original content to differentiate their services and increase subscribers. We expect the intensifying OTT competitive landscape to drive up content costs as new and existing services vie to acquire premium content. We expect these investments to pressure margins and cash flow in the short term, especially for new entrants, as it will take time to build scale. Chinese OTT providers are investing more heavily in original content, reducing their reliance on licensed content. While content costs improved for many players, content spending growth slowed due to government restrictions. In Brazil, we expect Globo will continue investing heavily in original content for its OTT platform (Globoplay) to compete with global competitors. Consequently, we expect margins to remain under pressure in 2020.

3. Digital video advertising is bolstering television advertising growth.

Television advertising expanded in 2019 with strong digital video advertising growth offsetting weakness in traditional linear television. Major media companies are investing in digital advertising capabilities to a scale allowing rapid growth in digital video advertising. This is mitigating the reduced audience reach in linear television due to declining viewership. However, large advertisers looking for national reach and sensitive to experimenting with online channels due to reputational concerns continue to utilize television advertising given its significant reach, providing some stability.

Media companies are investing heavily in OTT platforms

As video consumption shifts toward OTT and away from linear television, media companies are focusing their efforts to develop viable OTT services that offset declines in their linear television businesses. In the short term, this will be a very expensive proposition, as new entrants will forgo high-margin licensing revenue, invest heavily in original content, and face significant technology and marketing costs to build brand awareness. Disney, which launched Disney+ in November 2019, expects multibillion dollar losses for the next few years as it builds subscribers. Additionally, Apple (Apple+), AT&T (HBO Max), and NBC Universal (Peacock) are launching OTT services, and we expect them to invest heavily to expand services over the next few years. While new entrants spend heavily, incumbents (Netflix, Amazon, Hulu, etc.) are ramping up spending and investing in films, local language content, and unscripted television. Netflix alone is expected to spend approximately $14 billion-$15 billion on content in 2019, up from $12 billion in 2018.

Investments could pressure margins

Many newer market entrants appear comfortable sacrificing short-term profitability to create or acquire compelling content that they believe will drive long-term subscriber growth. While this strategy may help position established media companies in an ecosystem where OTT viewing continues to rise and traditional pay-TV subscriptions decline, this strategy will likely pressure established media companies' operating margins until they gain sufficient scale through subscriber growth. This could pressure operating margin, cash flow, and credit metrics, especially if increased competition drives up content costs. We also believe that while most media companies will continue to invest in their own content production, those with weaker balance sheets will need alternate strategies such as coproduction partnerships and joint ventures to gain access to either intellectual property or financing to produce content and remain competitive with larger peers.

Media companies' digital video has robust advertising growth

Despite steep declines in ratings for linear television over the past 2-3 years, television advertising has modestly increased due to the strong pricing environment because the medium has the broadest reach. However, as video consumption migrates to digital and OTT platforms, established media companies invested in improving their digital video advertising capabilities to capture growth opportunities as viewing shifts away from linear television. These investments are on TV-everywhere apps, virtual multichannel video programming distributor (MVPD) partnerships, and AVOD services. Over the past couple quarters, advertising for U.S. media companies is trending above GDP growth. Digital video advertising is now a sizable portion of overall television advertising and rapidly increasing, offsetting declines in linear advertising. Viacom purchased Pluto TV (an AVOD OTT service) for about $340 million in 2019 as it looks to leverage its advanced marketing solutions platform to monetize the inventory it brings. We expect media companies to continue to invest in digital platforms to fuel growth, though it remains to be seen if these trends are sustainable given the secular challenges to linear television, which still makes up most of their advertising revenue.

Key risks and opportunities

1. OTT launches.

Several large media companies are embarking on new OTT launches as they look to mitigate the effects of declining pay-TV subscribers by establishing direct-to-consumer (DTC) OTT services. Video consumption continues to shift to OTT platforms and away from linear television, necessitating strategies that allow media companies to ensure their content is consumed through these new media and effectively monetize their content.

2. Continued consolidation in Europe.

Several mergers involving European content producers and broadcasters were announced in 2019, and we expect most will close in 2020. This reflects the pressures of an evolving media ecosystem and media consumption shifting away from linear television on smaller players that require larger scale to compete on a more global basis.

3. Global economic slowdown.

Advertising is sensitive to global economic growth, and a slowdown would hit television advertising. Even though advertising decreased as percentage of revenue for most media companies due to growth in affiliate fees, it is still a sizable portion of their revenue bases. Additionally, the pace of MVPD subscriber declines could accelerate in the next slowdown as consumers shift toward OTT alternatives, which was not the case in the last recession given the lack of OTT alternatives.

Large investments in OTT services will not ensure success.

As the traditional pay-TV ecosystem shrinks and more video consumption shifts to OTT platforms, it makes strategic sense for legacy media companies to join the crowded DTC market and establish their own products. However, the OTT ecosystem has yet to prove as profitable as the pay-TV model of the last decade. Netflix is the leading global service with over 150 million subscribers, but its free cash flow (FCF) deficits are still over $3 billion annually as it invests in more content to keep its subscriber base engaged and entice new subscribers. All major subscription video on demand services (Netflix, Hulu, and Amazon) and new entrants (Disney, AT&T, and Apple) expect to generate FCF deficits for at least the next 2-3 years. However, if competition remains fierce, they could persist longer than expected as content costs rise even further and subscriber churn is more elevated due to the plethora of OTT options and ease to switch between services.

The European media ecosystem faces similar pressures as the U.S.

Shifts toward OTT video consumption are leading European media companies to try to increase scale through acquisitions and compete more effectively against the global OTT services. Although these transactions are smaller in scale than the 2018 cross-Atlantic Comcast/Sky deal, they involve companies rumored to be M&A targets for several years. Horizontal mergers include the acquisition of the world's largest independent TV content producer, Endemol Shine Group, from Disney and Apollo Global Management by France-based TV producer Banijay. France-based Canal+ (part of Vivendi) acquired broadcaster M7, which operates in Benelux and central and eastern Europe, and M6 (part of Bertelsmann) acquired France-based Lagardere's TV business.

Also by year-end 2019, global toy company Hasbro plans to acquire independent film and TV content producer Entertainment One (eOne). We expect it could achieve synergies between eOne's family and brands division, which produces and manages the licensing and merchandising of preschool children's content such as Peppa Pig and PJ Masks, and its toy production and licensing capabilities.

An economic slowdown could adversely affect media companies

The last downturn materially affected operating and credit metrics due to the sharp drop in advertising revenue. Since then, large media companies' percentage of revenue generated from advertising decreased significantly as subscription/affiliate revenues increased. However, the pace of cord-cutting probably remains high in an economic slowdown, unlike in the last recession when pay-TV subscribers experienced growth. If both advertising and affiliate revenues are affected, operating and credit metrics will likely worsen and affect ratings. Amplifying these pressures is that several media companies increased leverage over the last 12-18 months from large acquisitions that left them with minimal cushion for current ratings.

Local Media (Radio and Outdoor)

Key assumptions

1. Focus will be on debt reduction.

2019 was active for M&A in local television, with transformative acquisitions of Tribune by Nexstar and regional sports networks by Sinclair. These and other station acquisitions by E.W. Scripps and TEGNA were largely funded with incremental debt. At the same time, the two largest radio companies, iHeartMedia and Entercom, have leverage around or above 5x, which we consider high, given their material exposure to economically sensitive radio advertising. We expect broadcasters will use their significant cash flow in 2020 to prioritize debt repayment for leverage reduction, flexibility, and to better absorb a recession.

2. Prospects for M&A are unlikely.

We do not see much prospect for additional transformative M&A over the next years. Few companies have the balance sheet capacity to absorb sizable acquisitions, and we do not expect significant assets becoming available for sale. However, we believe there could be smaller television or radio acquisitions or swaps to further optimize local media companies' portfolios. We expect outdoor companies will selectively acquire billboard portfolios, mostly from family-owned companies.

3. Core advertising declines for television and radio, but increases for outdoor.

We expect radio broadcasters' share of advertising dollars will decline 1%-2% in the near term primarily due to competition from digital media. We expect a low-single-digit percentage decline in core television advertising next year primarily due to displacement from political advertising. We expect outdoor advertising growth in the U.S. will be slightly higher than GDP growth, as digital boards and minimal disruption from digital advertising lead to higher ad rates and increased occupancy.

Key risks and opportunities

1. Lift from political advertising

We believe traditional media, in particular television, remain attractive for political advertisers, given both its meaningful reach and ability to target voters in select districts. We expect more than $3 billion in political advertising revenue for local television in 2020 (largely in the second half of the year) given the U.S. presidential election and intensifying political climate. While we expect a smaller share of political ad dollars will flow to radio and outdoor advertising, we still expect a modest benefit, particularly to larger radio companies such as iHeartMedia.

2. A sharp downturn in the global economy.

With local media revenue highly correlated to GDP and the health of local markets, a recession would hurt revenue and profitability. We expect declines in local advertising to exceed those of national advertising since spending on the former is closer to when an ad is shown or aired, allowing advertisers to more quickly pull back if the economy softens. While television and outdoor companies recovered revenue lost during the 2008-2009 recession, the radio industry has yet to recover from a 25% revenue decline. If an economic downturn hits the U.S. over the next 12-18 months, our expectation is for a slower cyclical rebound coming out of a recession for more mature forms of media such as radio, which will represent a smaller share of overall domestic advertising.

3. Accelerated pay-TV subscriber declines.

Local TV broadcasters have largely offset declines in traditional video subscribers with more virtual video subscribers. However, if pay-TV subscriber declines continue to accelerate from 2019-2020, it could hamper growth in retransmission revenue. Cord-cutters may find virtual offerings less attractive as savings narrowed over the last year following various price increases. Several DTC platform launches over the next year could provide consumers with additional alternatives, particularly if supplemented with free over-the-air television. Alternatively, password sharing could become more prevalent, contributing to lower growth.

Internet/Online

Key assumptions

1. A secular shift will continue to fuel online investments, and subscription services will become ubiquitous.

Change in consumer preference toward online media will continue to drive innovation and experimentation with new business models, and pressure businesses to find sustainable online models and increase customer engagement globally. Indeed, most media companies--including print, radio, and television businesses--have experimented with online models with varying success. We expect the transition to digital will continue to disrupt traditional businesses that do not innovate and find a way to remain relevant. Further, consumers are increasingly willing to pay for subscriptions to services and products fueling the growth of new business models.

2. Digital advertising will continue to gain share.

The ongoing secular shift will continue to drive outsize growth in digital advertising. Further, digital advertisers will continue to improve their mousetraps to better personalize and target advertisements by harnessing algorithms and data as consumers continue to increase time spent on mobile and video viewership. We expect digital advertising in the U.S. will continue to increase low-double-digit percentages in 2020. Further, in China, higher internet penetration, users increasing time spent online, consumption-led economic growth, and rising monetization of the user base mean significant long-term growth potential for online ad spending, tempered by the possibility of an economic slowdown.

Double-digit percentage growth is expected to continue

Globally and in the U.S., we expect digital ad sales will account for at least half of total ad sales in the next two years, supported by a growing user base and increasing time spent online by users. Advertising on mobile, social media, especially using video, and more recently podcasts represent the fastest growth areas. Further, small and midsize businesses are increasingly using these formats, whose advertising continues to evolve, improving engagement. We expect these trends will continue to support secular growth in digital advertising, fueling low-double-digit percentage growth in the U.S. and about 15% growth in China in 2020. We also expect that digital advertising in China will benefit from the shift toward a consumption-driven economy, which tends to contribute more to advertising spending. That said, we expect growth to slow from over 20% in both the U.S. and China due to the larger base of advertising share. As digital advertising matures and gains a larger share of total advertising, displacement in traditional advertising lessens.

Online services are becoming ubiquitous

Consumers are increasingly willing to pay for online services and subscriptions such as OTT, music, online dating, travel and experiences, skilled and professional services, and retail. We expect this trend to continue to support the growth of a number of online companies we cover, such as Match Group, IAC/InteractiveCorp, Expedia, Booking, and marketing services companies such as Red Ventures.

Political ad spending presents upside for digital

While less likely, increasing U.S. spending for the 2020 elections on digital advertising could further accelerate such growth and potentially threaten broadcast TV advertising revenues if candidates choose to lessen their historical emphasis on the mass market appeal of TV advertising for more targeted online advertising. However, different digital platforms are approaching political advertising differently, with Twitter recently announcing it will not solicit such ads.

Key risks and opportunities

1. Elevated regulatory risks.

The regulatory burden is meaningfully increased on online companies' data privacy, data localization, and antitrust mandates. We expect companies will likely increase investments to ensure the content on their platforms meets community guidelines, complies with regional data privacy and localization rules, and their products are tailored to comply with jurisdictional requirements. Further, increasing antitrust scrutiny reduces the potential for meaningful M&A by larger players.

2. Uphill challenge for smaller content providers.

They struggle to match the significant traffic and robust data and targeting capabilities of larger peers, limiting their ability to effectively monetize it. In addition, smaller players typically derive a majority of their advertising revenues from programmatic advertising through ad exchanges, which have lower monetization rates.

3. Bite from competition in China's digital advertising industry.

Despite robust growth, incumbents in digital advertising and media--Baidu, Alibaba, and Tencent (collectively BAT)--face intense competition from a relatively new player Beijing Bytedance. As such, we expect digital advertising revenue growth for key online media platforms to slow from the robust growth of previous years.

Regulations pose challenges for some players and opportunities for others

While the largest online players such as Alphabet and Facebook confront risks, regulation could present an opportunity for others. Limitations on data collection and the ability for consumers to port or delete their data could potentially reduce the effectiveness of advertising and make advertising via other smaller channels a more compelling alternative. However, smaller players lack substantial traffic and scale on their platforms, which deters advertisers looking to deploy their marketing budgets efficiently.

Smaller providers walk tightrope between subscription and ad revenues

Challenges to sufficiently increasing online revenues will continue. Newspapers and magazines are experimenting with paywalls, but subscription revenues are small. More reliance on subscriptions increases the risk that digital advertising revenues could decline due to the lack of sufficient traffic and subscribers.

Competition for the largest companies is increasing

In the U.S., Alphabet and Facebook are trying to fend off Amazon, which has expanded rapidly from its position as the largest online retailer globally and a good location to identify consumers with intent to shop. Similarly, Bytedance, developer of the popular global app TikTok and Douyin in China, is a key contributor to slowing advertising revenue growth at Tencent and Weibo. They, along with Alibaba, control a sizable share of digital advertising revenues. Bytedance plans to increasingly monetize its apps over the next few years and rapidly increase its advertising revenues by 50% to RMB100 billion ($13.9 billion) by 2019. Alibaba's digital advertising revenue, on the other hand, remains more resilient due to performance-based advertising tied to its own dominant e-commerce platform. Alibaba accounted for about 60% of total online retail sales in China in 2018.

Advertising Agencies

Key assumptions

1. Organic revenue growth remains at or below global real GDP growth rates.

We think ad agency holding groups' organic revenue growth will remain there over the next several years, as was the case in 2018-2019. This reflects our expectation for slowing global economic growth and secular industry pressures. If in 2020-2021 the macroeconomic environment weakens more substantially than we forecast, it will be difficult for ad agencies to sustain growth as the industry reacts quickly to changing macroeconomic conditions.

2. Data, technology, and creative talent are key for competitive advantage.

Competition between ad agency holding groups and new market entrants, including consulting and tech companies, will remain robust. The ability to leverage data and data analytics, acquiring and retaining creative talent, and offering more transparent solutions to clients will remain differentiating factors.

3. Limited M&A allow companies to focus on existing portfolios.

We do not expect ad agency holding groups to pursue sizable M&A over the next couple of years. Publicis and Interpublic are integrating large acquisitions in 2018-2019, WPP has yet to achieve its targeted debt reduction after strategic restructuring and asset disposals, and Omnicom remains focused on optimizing its portfolio.

We expect below-GDP organic revenue growth

Global ad agency holding groups' organic revenue will increase only low-single-digit percentages, at or below real GDP growth, in the coming years. This is due to our expectation for slowing global economic growth and secular industry pressure. These include cost cutting and tighter advertising budgets from large clients, and increasing competition among agencies and from new market entrants, such as consulting and tech companies. The operating environment could deteriorate quickly if the global economy negatively turns.

Organic revenue growth varies between among main ad agency holding groups and depends on their geographic and client mix and contract wins and losses. In 2019, WPP's and Publicis' organic revenue continued to lag that of their U.S.-based peers because they are more exposed to fast-moving consumer goods producers that scaled back advertising spending while losing share to emerging brands that cater to secular shifts toward more health conscious consumer tastes. Contract losses and restructuring parts of their business curbed revenue growth. For 2019, Omnicom and Interpublic guided for 2%-3% organic revenue growth, while Publicis recently lowered its guidance to between a 2% loss and 1% growth. We think WPP managed to stabilize its performance through 2019, but expect only modest improvement in 2020.

Ad agencies' ability to organically expand and sustain margins will depend on utilizing their large scale, global reach, data analytics capabilities, and creative talent. Scale is relevant for leveraging investment in technology and for programmatic ad buying. Customers with in-house advertising and marketing work and new competitors such as consulting and tech companies lack these strengths.

M&A expectations are modest, with a focus on deleveraging

We think ad agencies will continue acquiring technology and data businesses that could help them enhance their data-driven analytics. However, we do not expect sizable or transformative M&A over the next couple of years. While some holding groups do not have the financial flexibility to pursue large debt-financed acquisitions (especially at this point in the economic cycle), others strategically chose to focus on their portfolios and divest less strategic assets. Publicis and Interpublic are integrating the large acquisitions in 2018-2019 that increased leverage 0.5x-1.5x turns. We expect them to focus on returning to preacquisition leverage before looking at further M&A. WPP is progressing with strategic restructuring and will dispose of its data management business Kantar in early 2020 (which we expect to close in the fourth quarter of 2019 or first quarter of 2020). Omnicom has lower leverage and potentially higher capacity for M&A, but its strategy is to optimize the portfolio. We also expect it to continue investing in internally developed data analytics tools rather than acquiring new technology.

Key risks and opportunities

1. Leveraging data analytics capabilities.

Ad agency holding groups have chosen different approaches to owning data. While Publicis and Interpublic recently acquired large data assets, WPP and Omnicom are focused on developing internal and open-data analytics platforms. We are not certain which strategy will be more successful long-term, but think the ability to effectively embed data-driven analytics into their operations will be crucial for growth.

2. A global economic downturn in 2020

The advertising industry reacts quickly to changing macroeconomic conditions, so we believe a downturn in the global economy could lead to a rapid and substantial contraction of advertising budgets and agency revenues. However, the agencies have more cost flexibility that could help them adjust.

Data and technology are key differentiators

We think agencies' ability to integrate data management assets into their operations and utilize data analytics, rather than their approach to data ownership, will differentiate their trajectory for growth and margins. While owning data provides an advantage over smaller competitors without access to the data sets of similar size and quality, it requires running complex systems. It also brings additional costs and risks of complying with regulation that continue to evolve. In this context, we think agencies' ability to integrate data analytics with their creative offering will be key for their competitive success.

Over the last couple of years, large ad agency holding groups pursued different strategies relating to ownership of data. Interpublic and Publicis acquired data management companies Acxiom and Epsilon in 2018-2019, which brought ownership of large arrays of first-party and proprietary data. At the same time, WPP is disposing of its controlling stake in Kantar. The group sees less value in directly owning data and plans to focus on open platforms and using data from multiple sources. Omnicom developed its internal data platforms and plans to rely on renting data from other providers.

Cost controls will mitigate effects of an economic slowdown

Increasing automation could also help protect ad agencies' operating performance if the macroeconomic environment weakens more significantly than we expect. If the global economy faces a downturn in 2020, advertising budgets and agency revenues could contract rapidly and quite substantially, as they are closely correlated with changing macroeconomic conditions. While such a downturn would initially hit the agencies' operating margins, we think the longer-term impact would be less pronounced. Agencies' business models and flexible cost bases would likely allow them to adapt relatively quickly. Labor costs represent the lion's share of agencies' fixed costs, about 65%-70% of revenue. As agencies increase automation, their ability to adapt to macro conditions will improve.

Related Research

- When The Credit Cycle Turns: Recovery Prospects In The U.S. Media Sector, Sept. 26, 2019
- Will the NFL and TV Still Need Each Other in 2023?, Sept. 9, 2019
- Industry Top Trends Update: North America Media and Entertainment, July 29, 2019
- Sinclair's Regional Sports Play Nets 21, July 26, 2019
- The U.S. Ad Market Is Healthy With Growth Expected In 2019, But Current Trends Are Fragile, July 12, 2019
- What A Potential CBS/Viacom Merger Could Mean From A Credit Ratings Perspective, July 8, 2019
- How Does S&P Global Ratings Calculate Leverage For U.S. Diversified Media Companies? (2019 Update), June 20, 2019
- The Future Of Retransmission Revenue For Broadcast Television, June 6, 2019
- ESG Industry Report Card: Media and Entertainment, May 22, 2019
- Re-Ranking Major U.S. Media, Telecommunications, And Cable Companies: Has Anything Changed?, Dec. 10, 2018

This report does not constitute a rating action.

Industry forecasts

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Chart 9

Revenue growth (local currency)

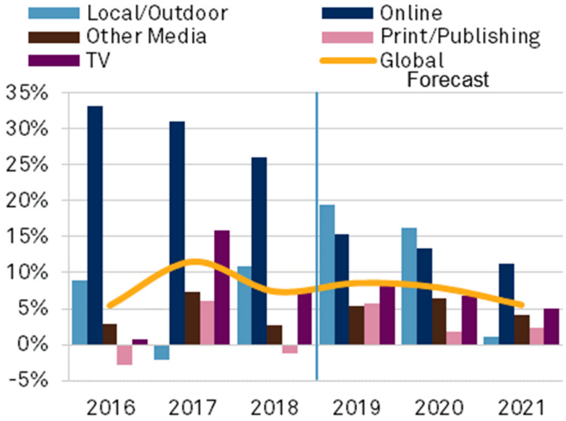


Chart 10

EBITDA margin (median, adjusted)

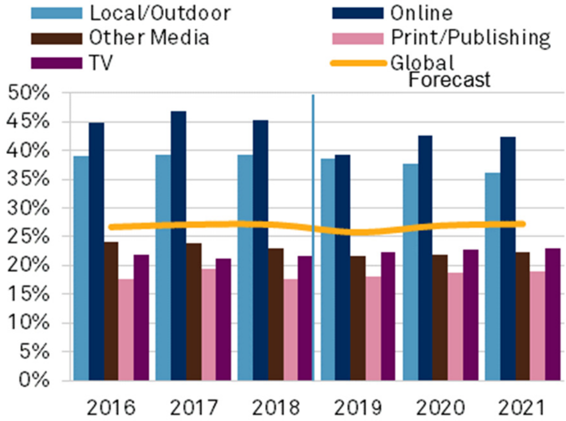


Chart 11

Debt / EBITDA (median, adjusted)

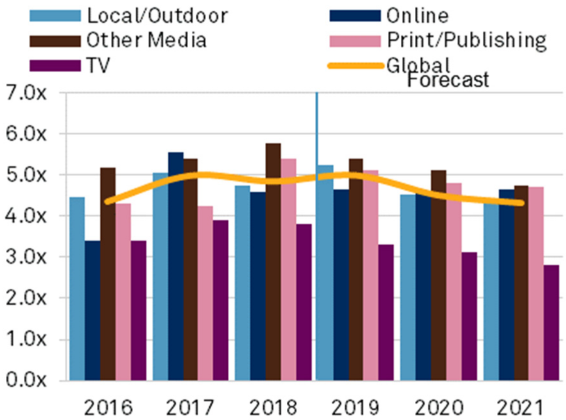
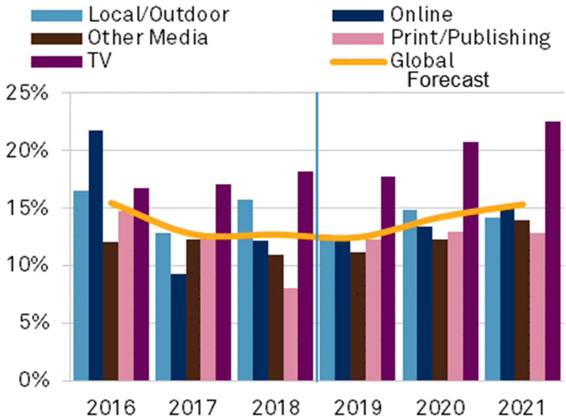


Chart 12

FFO / Debt (median, adjusted)



Source: S&P Global Ratings. Revenue growth shows local currency growth weighted by prior-year common-currency revenue-share. All other figures are converted into U.S. Dollars using historic exchange rates. Forecasts are converted at the last financial year-end spot rate. FFO--Funds from operations.

Cash, debt, and returns

Global Media and Entertainment

Chart 13

Cash flow and primary uses

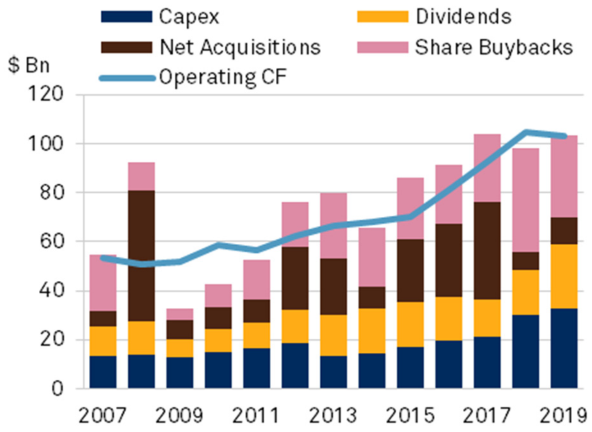


Chart 14

Return on capital employed

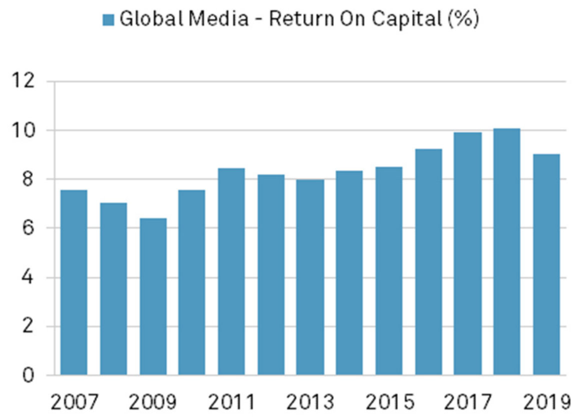


Chart 15

Fixed versus variable rate exposure

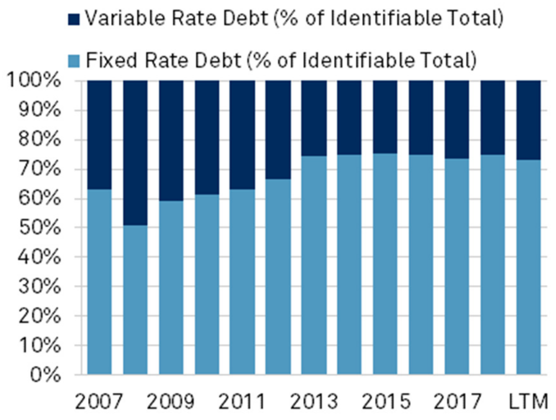


Chart 16

Long term debt term structure

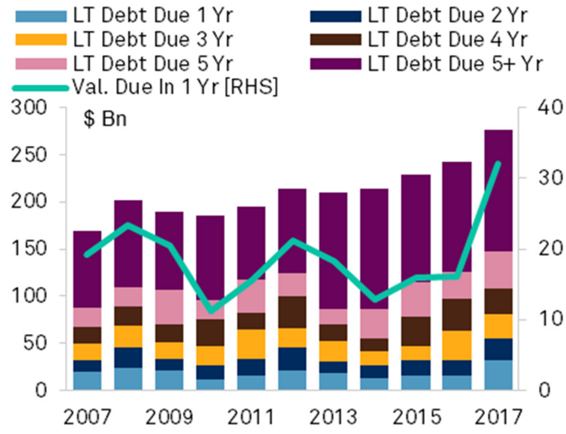


Chart 17

Cash and equivalents / Total assets

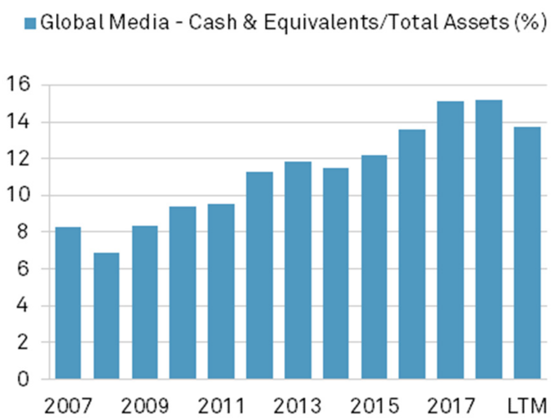
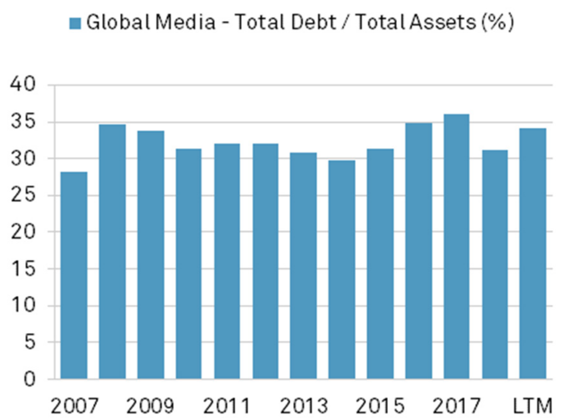


Chart 18

Total debt / Total assets



Source: S&P Global Market Intelligence, S&P Global Ratings calculations

spglobal.com/ratings