



Background
The background of the study is the need for a comprehensive framework for the assessment of the impact of the digital transformation on the business performance of the companies in the manufacturing sector.

Objectives
The objectives of the study are to identify the key factors that influence the digital transformation of the manufacturing companies and to assess the impact of these factors on the business performance of the companies.





Radio One, Inc.

Team I

Alex Demien

Ciarra Sapigao

Alex Camiolo

Chris Gu

Thecasesolution.com

Agenda

- Background
- Benefits and Risks
- Discounted Cash Flow Analysis
- Transaction and trading multiples analysis
- Purchase Offer
- Conclusion

Background

- Radio aimed at African-American audience
- Growth potential
- 1992 FCC relaxed regulations allowing consolidation
- Clear Channel Communications and AMFM Inc. merger
- Objective: Determine how much to pay for these stations

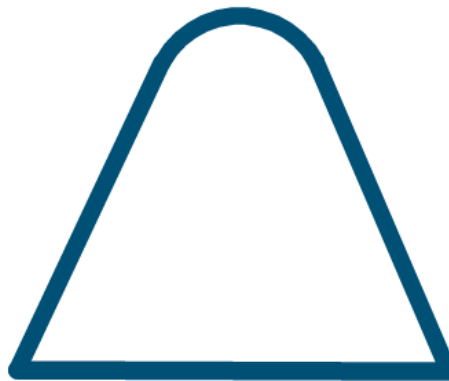
Benefits and Risks

Benefits

- Economies of scale
- Synergies
- Entry into new markets

Risks

- Cannibalization of listeners
- Capital requirement



Benefits

- Economies of scale
- Synergies
- Entry into new markets

E

Risks

- Cannibalization of listeners
- Capital requirement

Discounted Cash Flow Analysis

		Projected			
		2001	2002	2003	2004
	Assumption				
Revenue	Exhibit 9, New Markets Net Revenue	128,313	144,460	159,985	175,820
Operating Expenses	Exhibit 9, New Markets Operating Expenses	(51,877)	(54,750)	(58,020)	(60,543)
BCF	(Exhibit 9, New Markets BCF	76,436	89,710	101,965	115,277
Corporate Expenses	(Corporate Expenses/Total BCF)*New Markets BCF	(3,877)	(4,498)	(5,147)	(5,875)
EBITDA		72,559	85,212	96,818	109,402
Depreciation	Footnote B, Exhibit 9	(90,000)	(90,000)	(90,000)	(90,000)
CapEx Depreciation	\$2,100/5 years= \$420/year	(420)	(840)	(1,260)	(1,680)
EBIT		(17,861)	(5,628)	5,558	17,722
Taxes	Assumed 34% tax rate	6,073	1,914	(1,890)	(6,026)
EBIAT		(11,788)	(3,715)	3,669	11,697