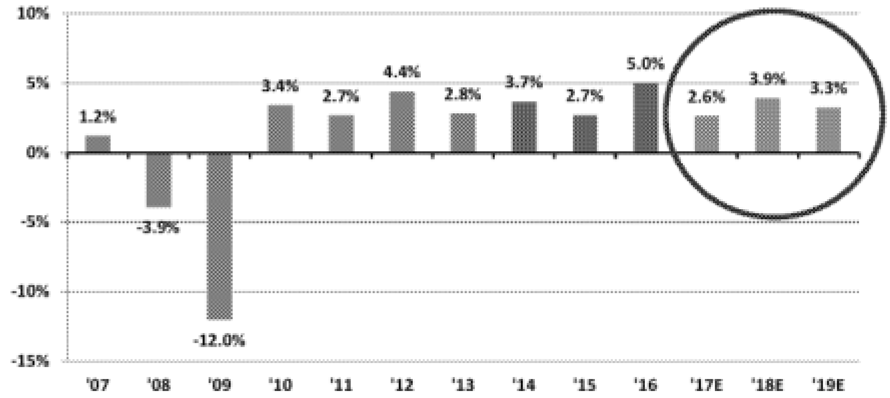
Shifting gears to the operating environs, after US advertising revenues grew ~5% in 2016 (the strongest showing in over a decade), 2017 posted a more modest but still positive ~2.6% gain. Digital (display, video, social, search, etc.) is now the largest media platform in the country (at ~46% of total ad revenues). The category led the charge with high-teens growth, as social media, video, mobile, and paid search provided a big lift. Television (~1/3 of total ad revs) had an off year (-8% according to Magna) as Olympics and political cycled off and nat'l CPM inflation was unable to offset softer volume and declining viewership. Out-Of-Home ad sales rose LSD, fueled by increased digital screens. Radio dipped by LSD as traditional (terrestrial) operators face competition from digital/streaming competition. Last and least is print, which saw mid-teens ad declines as the industry continues to struggle amidst ongoing erosion in print readership, high fixed costs, and difficulty roping in new digital income to compensate.

Looking ahead to 2018, the trifecta of political, Olympics, and World Cup will provide a boost. As such, ad spend is projected to rise ~3.9% Y-o-Y, on average. In the table below we present a blend of recently-issued prominent advertising guru industry outlooks.

U.S. Advertising Growth – Past, Present, and Future



Note: Data represents the average of GroupM, Magna, and ZenithOptimedia forecasts
Source: MediaPost, Zenith, GroupM, Magna, Deutsche Bank estimates

As we survey the HY Media / Business Services landscape entering 2018, many credits remain converged into a fairly tight trading range. This is a reflection of conditions in the overall HY / Leveraged Loan markets, stable fundamentals and reasonable leverage. A handful of outliers find themselves there due to excessive leverage, steep maturity walls, reliance on capital markets, structural/secular shifts, and/or considerable fundamental business challenges. In the following sections, we dive into each sub-sector and discuss the opportunities and challenges therein.