



RPC's Quick & Easy on SFX Entertainment

All You Need to Know in 3 Slides



The Background

sfx



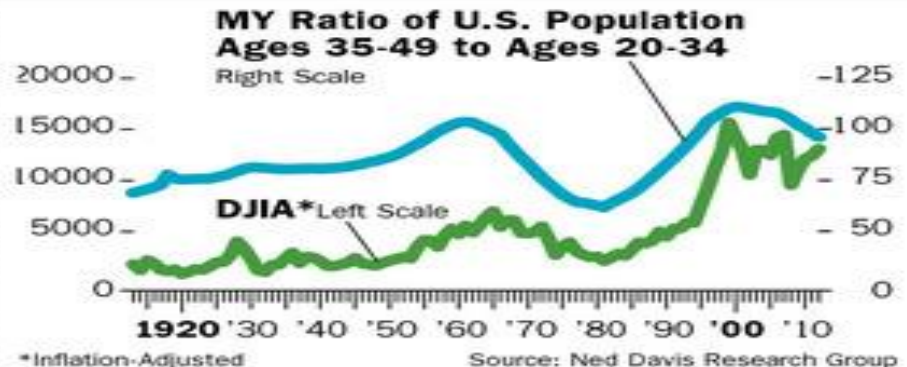
- [SFX Entertainment \(SFEX\)](#) is the world's leading producer of live events, media, and entertainment; **focusing exclusively on Electronic Dance Music (EDM)**.
- **Founded by Robert F. X. Sillerman**, SFEX will follow in the footsteps of his previous creation—Live Nation (LYV)
 - **2000:** Sillerman sold his original company to Clear Channel for \$4.4 billion dollars.
 - **2005:** Clear Channel Entertainment was spun off to become Live Nation.
 - **2012:** Sillerman formed SFX Entertainment to focus exclusively on EDM
- EDM has a **worldwide fan base** and is [immensely popular](#) with the **largest generation: Millennials**
 - [86 million millennials: 27% of population - \\$1.3 trillion in annual buying power](#)
 - [EDM industry to be one worth \\$6.2 billion](#)
- [Broken IPO: Share price should double within 3 years](#)

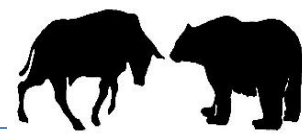
Are Demographics Destiny?

The Millennials are the largest generation ever, and will be a boon for the market. History indicates that the stock market performs well whenever middle-agers, who save and invest, outnumber young adults.

Generation	Ages	Size* (mil)	Percent of U.S. Population
Greatest	68-	35.2	11%
Baby Boom	48-67	80.3	25
Generation X	38-47	40.9	13
Millennials	18-37	86.0	27
iGen	0-17	74.0	23

*U.S. Census projections for 2013 based on 2010 Census.
Sources: Peter Francese; U.S. Census





BULLISH BULLETS

- [>100% profit potential](#)
- [Exposure to the largest US demographic ever](#)
- [Roll-up acquisition strategy creates scalability and synergies](#)
- [Strong insider ownership](#)
- [Smart money as major holders](#)
- [EDM is the fastest growing music genre on the planet](#)
- An experienced CEO:

BEARISH BULLETS

- [Unattractive Fundamentals](#)
- [High Volatility](#)
- [Broken IPO under \\$15 = very little institutional demand from traditional funds](#)
- [Recent earnings miss](#)
- [Expensive Acquisitions](#)
- [EDM is a fad](#)
- An unconventional CEO:



RPC Investment Thesis

“Most artists, you know, you spend their entire lives learning how to play music and write songs, and they don’t really know how the music business works.”

—Moby

Regal Point Capital is long SFX Entertainment for the following reasons:

- [New share repurchase plan](#)
- [One of the best ways to gain exposure to Millennials](#)
- [In the US, dance was the only genre to achieve positive growth in digital track sales in 2013](#)
- [Upcoming festival season will act as catalyst to improve earnings](#)
- [Severely undervalued due to misunderstood strategy](#)



The Bottom Line:

[SFXE is the best way to gain exposure to the fastest growing music genre and the largest demographic in American history.](#)

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