



News on mergers and acquisitions in the publishing, information and training industries from Whitestone Communications, Inc., a leading M&A advisory firm. For a complimentary valuation of your business, or to learn more about how Whitestone can help your company meet its strategic goals, please contact Whitestone President Baran Rosen at 212-957-7100, ext. 209, or email [brosen@whitestonecommunications.com](mailto:brosen@whitestonecommunications.com).

## DEAL PACE MODERATES

New York, N.Y., June 12, 2006—The pace of acquisitions among publishing, information and training companies moderated in the first quarter 2006 after climbing strongly in 2005, reports merger and acquisition advisory firm Whitestone Communications. Whitestone tracks acquisitions and investments for its annual reference, *Who's Buying Whom*, the most complete report on deals in the publishing, information and training fields.

"The first quarter moderation in the sectors we cover is a major surprise given that the overall M&A market has continued strong," noted Whitestone Communications President Baran Rosen. "The number of deals in 2005 brought forward many sellers that had been waiting for an improved market and now we just may be facing a limit of companies in inventory ready to sell."

The number of transactions was off slightly (4%--from 113 to 108) and deal dollar volume would have also been down except for one major deal—the \$3.4 billion purchase of Education Management Corporation by private equity firms Providence Equity Partners and Goldman Sachs Capital Partners—which propelled dollar value up 74%. Without

the Education Management transaction, dollar volume was down 21%.

Trade magazine and trade show deals ran counter to the overall trend, though, with the number of such transactions nearly double last year's first quarter and dollar volume up close to 60%. United Business Media was the most active buyer in this sector, completing three deals for about \$85 million—a China beauty show and two U.S. trade show companies.

Other notable deals of the first quarter:

- Time Warner, Inc., responding in part to pressure on its share performance from dealmaker Carl Icahn, unloaded its likely low margin Time Warner Book Group for \$537.5 million.
- In an example of high valuations returning to Internet-related business deals, E.W. Scripps Company acquired U.K.-based uSwitch for \$366 million or nearly 15 times the seller's \$25 million in revenue.

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### Total Number and Dollar Value of Acquisitions Publishing, Information and Training Industries First Quarter 2003— First Quarter 2006





**MAGAZINES/  
TRADE SHOWS**

**TRADE MAGAZINE/TRADE  
SHOW DEALS  
NEARLY DOUBLE**

New York, N.Y., June 12, 2006—The number of trade magazine and trade show deals nearly doubled in the first quarter this year versus the same period a year earlier, reports merger and acquisition advisory firm Whitestone Communications, Inc. Whitestone tracks M&A activity for its annual reference, *Who's Buying Whom*.

"It was more good news on the deal front in the first quarter," noted Whitestone Managing Director Jonathan Miller. "We have had an active M&A market in this section of publishing for the last several quarters as the strong economy has boosted company results. Also private equity groups continue to find these businesses good bets for their clients' money."

The total number of magazine and trade show deals in the first quarter reached 20 versus 11 in the same period a year earlier while deal dollar value climbed to \$178 million from \$112 million.

United Business Media was the most active buyer in this sector, spending a total of about \$85 million for:

- Media Live International (\$65 million)—Properties include Interop, MediaLive Japan, Voicecon and Web 2.0
- Shorecliff Communications (\$12.3 million)—Telecommunications industry events
- Guangzhou Beauty Fair (\$7 million)—Majority purchase in this beauty and cosmetics trade show.

On the consumer side of magazine publishing, Primedia continued its divestiture of publications, selling its military and American social history magazines to Weider, more known for its health and fitness titles but also a history title publisher.

**EDUCATION/  
REFERENCE**

**EDUCATION ACQUISITIONS  
DECLINE MARKEDLY**

New York, N.Y., June 12, 2006—M&A activity in the education/reference market dropped significantly in the first quarter this year versus the same period a year earlier, reports merger and acquisition advisory firm Whitestone Communications. Whitestone tracks M&A deal activity for its annual *Who's Buying Whom* reference publication.

"The downbeat performance is being driven in part by a generally less-than-robust supplemental education market," notes Whitestone Managing Director Ed Fitzelle. "Increased competition and moderate government spending have combined to make the business tougher. With the players' results lackluster, they know they can't get the best prices and are waiting for better days. Company 'blow-ups' haven't help the image here."

Companies getting negative publicity have included:

- ProQuest—This public company has announced that its financial results for several years are not reliable. The company has put a major division up for sale and its entire business may also make it to the auction block.
- WRC Media—This educational publishing roll-up has had some problems and its former president was cited by the SEC for financial reporting issues.
- School Specialty—Another public company, School Specialty had a deal to sell itself to Bain & Company last year but Bain withdrew when the business' results weakened.

For the first quarter, the total number of deals was five--half the result of last year's first quarter—while the dollar value declined nearly 60% from \$151 million to \$63 million.

**TRAINING**

**PRIVATE EQUITY GROUPS  
JOIN FOR TRAINING  
MEGA DEAL**

New York, N.Y., June 12, 2006—Two major private equity firms—Providence Equity Partners and Goldman Sachs Capital Partners—joined together in the first quarter for one of the largest deals done in the training industry in recent years, the \$3.4 billion acquisition of postsecondary Education Management Corporation, reports merger and acquisition advisory firm Whitestone Communications. Whitestone tracks deal activity for its annual reference, *Who's Buying Whom*.

"We had been seeing a slower market in postsecondary education M&A but this deal certainly got everybody's attention," noted Whitestone Associate Matthew DeBlasio. "Some widely publicized government investigations into postsecondary school practices had seemed to cool the deal making in this area, but clearly Providence and Goldman are comfortable with the long-term outlook."

"The profit multiple on this deal was a real eye-opener as well," DeBlasio said. "The buyers are paying about 20 times prior year EBITDA when generally 10-15 times would be considered a rich multiple."

Excluding the Education Management transaction, M&A activity in the training sector was tepid. The number of deals was 16 in the first quarter this year versus 17 in the same period last and dollar value dropped to \$111 million from \$190 million.



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