

# WHO'S BUYING WHOM

## SECOND QUARTER 2009 UPDATE

News on mergers and acquisitions in the publishing, Internet, 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 212-672-0077, ext. 266, or email [brosen@whitestonecommunications.com](mailto:brosen@whitestonecommunications.com).

## RECESSION PRESSURES M&A ACTIVITY IN SECOND QUARTER

New York, N.Y., August 2009—The worst recession since the Great Depression took its toll on M&A activity in the publishing, information and training industries in the second quarter 2009—M&A deal dollar volume decreased 33% in the period versus the same period last year while the number of deals declined 15%, reports merger and acquisition advisory firm Whitestone Communications. Whitestone tracks acquisitions and investments for its annual reference, *Who's Buying Whom*, the most comprehensive and detailed report on deals in these areas.

"In the face of bad economic news, buyers and sellers severely cut back their deal activity from the fall of 2008 to early 2009," explained Whitestone President Baran Rosen. "While the stock market turned up in the second

quarter showing frail signs of better times ahead, it takes time for acquisitions to develop. In our work, we did see buyers start to search for deals again, realizing that Armageddon was not in the cards. But we also saw that most sellers were having results below 2008 and did not want to sell as valuations were down."

The second quarter 2009 saw 101 deals on a dollar volume of \$3.1 billion versus 119 deals with a dollar volume of \$4.6 billion in the same period 2008.

A positive sign in the numbers was an increase in dollar volume of acquisitions from first to second quarter 2009. Dollar volume rose 24% from \$2.5 billion in the first quarter, based in part on one nearly billion sale of Wood McKenzie. The number of deals, though, was still off significantly, down 21% from 128.

Over the 10 individual business segments tracked by Whitestone, most showed a decreased number of deals in the second quarter 2009 versus prior year same period and versus first quarter 2009.

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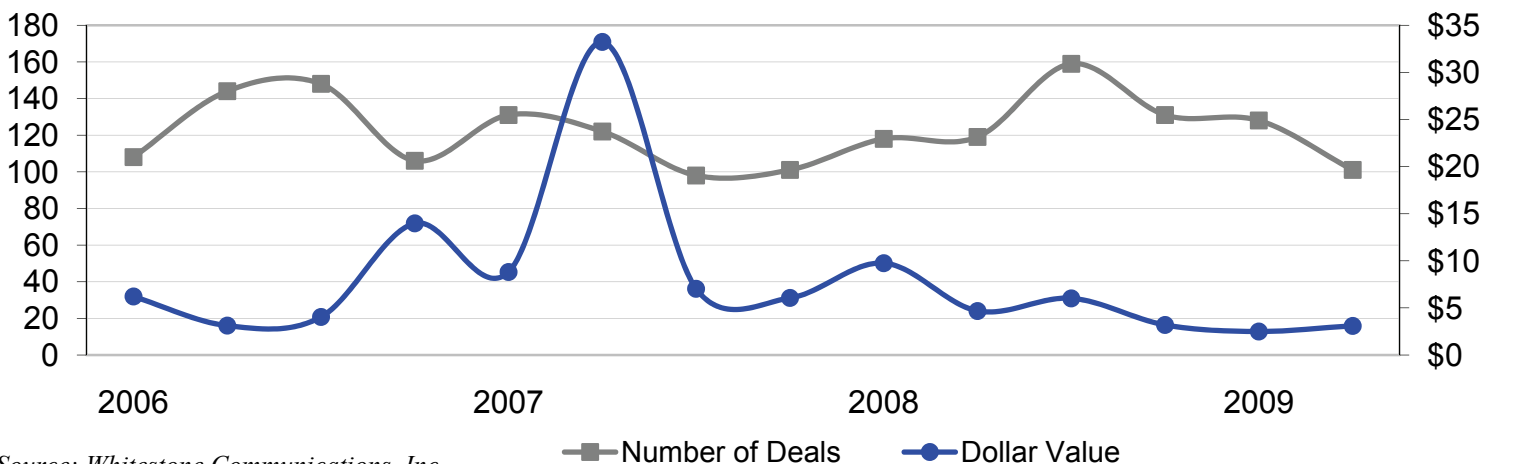
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### Publishing, Information, Internet and Training Industries Acquisitions 2006-2009 2Q



Source: Whitestone Communications, Inc.

Significant variances to prior year were:

- On the upside, Publishing-Related Software transactions increased 70% from 10 to 17 while dollar volume increased from \$135 million last year to \$415 million this year – a 207% increase.
- Also positive was a modest increase in the number of Trade Book Publishing and Other Consumer Media deals from five last year to eight in 2009 though dollar volume was up measurably—five-fold from \$42 million to \$213 million.
- The Educational, Reference and Technical Publishing segment was mixed with transactions decreasing 60% to four from 10 and dollar volume increasing 232% from \$60 million to \$200 million.

Among the more noteworthy transactions in the second quarter of this year:

- Charterhouse Capital Partners acquiring energy research and consulting firm Wood Mackenzie for \$905 million
- Carlyle Group backed Apollo Global's \$607 million acquisition of BPP Holdings plc, provider of education and training services in the U.K.
- Taiwan-based e-paper display module supplier Prime View International's \$215 million purchase of E Ink, an electronic paper display firm that developed the technology for Amazon's Kindle and the Sony Reader, from shareholders Hearst Interactive Media, Motorola Corp., FA Technology Ventures and Intel Capital. ■

## TRADE MAGAZINES/ TRADE SHOWS

### FEWER BUT LARGER DEALS IN TRADE MAGAZINES & SHOWS

New York, N.Y., August 2009—The trade magazine/trade show areas saw a decline in number of deals on a larger dollar volume in the second quarter 2009 versus the prior year same period, reports merger and acquisition advisory firm Whitestone Communications.

"In terms of economic performance, the trade magazine/trade show field is probably the worst hit of all the areas we cover for *Who's Buying Whom*," noted Whitestone Communications Managing Director Ed Fitzelle. "Advertisers have been moving dollars away from print media and trade magazines have been seeing revenue declines of 20% to 30% or more. Impacting trade show business, companies were limiting travel for trade shows and similar events due to budget constraints."

The number of trade magazine/trade show deals decreased 42% to 11 in the second quarter 2009 versus the year earlier period total of 19 while the total dollar value of the deals increased 22%—to \$77 million this year versus \$63 million last year. The second quarter was also off from the first quarter 2009 total of 12 deals and up in dollar value from \$42 million.

Transactions for the trade magazine/trade show sector in the second quarter included:

- ACI Capital and American Securities acquired the publisher of Natural Solutions Magazine, InnoVision Health Media
- Diversified Business Communications acquired a majority stake in the hospitality and retail tradeshow operator Asia Business Events, Ltd.
- dmg world media divested its Ski & Snowboard show and magazine, The Outdoors Show and the Vitality Show to VOS Media. ■

## CONSUMER MAGAZINES

### CONSUMER MAGAZINE DEAL PACE MODEST

New York, N.Y., August 2009—The pace and dollar volume of consumer magazine acquisitions held to its modest pace in the second quarter 2009 versus the same prior year period, reports merger and acquisition advisory firm Whitestone Communications.

"Consumer magazine businesses have been hard hit by the recession as advertising has dropped dramatically," noted Whitestone Managing Director Ed Fitzelle. "So there is some comfort that acquisitions in this sector have held, even if at a modest rate, in a year over year comparison. Looking though at the performance of this sector in the second quarter of this year versus the first quarter does show the kind of decline we would have expected."

The number of transactions in the second quarter 2009 was eight, just above the six in the same period last year. Dollar volume climbed to \$44 million versus \$34 million last year. The second quarter 2009 numbers suffered compared to the first quarter 2009 results which had 15 deals at \$292 million in dollar value.

Among the transactions for the Consumer Magazine sector in the second quarter were:

- Bonnier's acquisition of a select portfolio from Hachette Filipacchi. Titles include – American Photo, Boating, Flying, Popular Photography and Sound & Vision
- Clarity Media Group acquired Weekly Standard magazine from News Corp.
- Active Interest Media acquired four home magazines from Gloucester Publications. ■

## EDUCATION/ REFERENCE

### EDUCATION REFERENCE DEAL PACE DRIES UP

New York, N.Y., August 2009—The number of acquisitions in the Education, Reference And Technical Publishing segments collapsed to near zero while dollar volume increased based on one large deal in the second quarter of this year versus the same period last year, reports merger and acquisition advisory firm Whitestone Communications.

“Many educational publishers have suffered in the recession due to the drop-off in state spending where most of the education spending dollars come from,” noted Whitestone President Baran Rosen. “The Obama Stimulus Package may have some benefit for publishers but it is too early to measure.”

The number of deals in the second quarter—four—was a 60% decrease over the number of deals from last year’s same period total of 10 while the dollar volume reached \$200 million, up from \$60 million last year. For comparison, the first quarter 2009 saw 12 deals valued at \$51 million.

Among second quarter transactions were:

- Veronis Suhler Stevenson’s Cambium Learning merged with Voyager Learning Co. in a complex transaction in which Voyager shareholders received \$194 million. Voyager had been seeking a sale for several years.
- The acquisition by Informa division Datamonitor of the Brown-Wilson Group, publisher of The Black Book of Outsourcing
- Reader’s Digest Association sold Gareth Stevens, publisher focusing on books for children and young adults, to Roger Rosen and Gary Spears. Gareth had become an underperforming asset for the Digest. ■

## TRAINING

### TRAINING COMPANY DEAL PACE AND DOLLAR VOLUME HOLD EVEN WITH PRIOR YEAR

New York, N.Y., August 2009—The number of training company acquisitions in the second quarter 2009 was the same as last year’s second quarter though dollar volume dropped 8%, reports merger and acquisition advisory firm Whitestone Communications.

“While traditional training companies have suffered in the recession, other parts of what we label training—including postsecondary education—have benefited from individuals going for additional training versus seeking work in a depressed job market,” noted Whitestone Managing Director Susan Isserman. “Also President Obama has announced that he wants to make community colleges a key part of his plans for retooling the work force for better jobs.”

The number of deals in the second quarter remained the same this year at 17 while dollar volume was \$1 billion versus prior year’s \$1.1 billion. The second quarter deal count was slightly up from 14 in first quarter 2009 and the dollar volume climbed dramatically from \$95 million.

Notable transactions were:

- Apollo Global acquired education and training service provider BPP Holdings plc in the U.K. for a total consideration of \$607 million
- Vista Equity Partners acquired enterprise learning and performance management training company SumTotal Systems for \$160 million
- Pearson purchased the Wall Street English division of Wall Street Institute, based in China, for \$145 million. ■

## SPECIALIZED BUSINESS INFORMATION

### SPECIALIZED BUSINESS INFORMATION SECTOR DEAL PACE DROPS 58%

New York, N.Y., August 2009—The pace of acquisitions in the Specialized Business Information (SBI) sector—print and electronic information businesses in the financial, real estate, business and legal markets—continued to be weak, dropping 58% in the second quarter 2009 versus the same year earlier period, reports merger and acquisition advisory firm Whitestone Communications.

“The pressure of the recession took a heavy toll on the performance of most companies in the SBI sector in the second quarter,” noted Whitestone Communications Associate Matthew DeBlasio. “With weakened results, the owners were not inclined to sell and buyers for their part were still wary of how soon and how much this group could come back in a recovery.”

The number of deals in the Specialized Business Information sector totaled 14 with a dollar value of \$957 million in the second quarter 2009 versus 33 and dollar value of \$1 billion in the same period last year. The dollar value for the second quarter this year was driven mostly by the Charterhouse Capital Partners acquisition of Wood Mackenzie for \$905 million. The first quarter of 2009 saw 24 deals with a total volume of \$981 million.

Major deals in this sector:

- *Business* – Charterhouse Capital Partners acquired the energy research and consulting firm Wood Mackenzie, for \$905 million
- *Financial* – Morningstar Research, Inc., the Canadian arm of Morningstar, Inc., acquired equity research and brokerage earnings estimate data provider, Computerized Portfolio Management Services, Inc., for \$13.8 million

- *Database* – Canpages acquired ZipLocal.ca, an online directory of user-generated reviews and ratings of businesses, for \$2.5 million. ■

## INTERNET CONTENT

### CONTENT-RELATED INTERNET DEAL PACE HOLDS CONSTANT ON LOWER DOLLAR VOLUME

New York, N.Y., May August 2009—The number of Content-related Internet company acquisitions in the second quarter of 2009 remained about even with the same year-earlier period while the dollar volume dropped, reports merger and

acquisition advisory firm Whitestone Communications.

“Deal pace in this sector held up as buyers continued to find attractive business models in this rapidly evolving sector,” commented Whitestone Managing Director Susan Isserman. “Successful business applications of the Internet continue to appear and buyers want to grab onto these high growth potential opportunities.”

The number of deals in this year’s second quarter was 22 versus 19 last year. Compared to the first quarter total of 31, though, this year’s second quarter was off significantly as the recession made its impact.

In terms of dollar volume, the second quarter 2009 totaled \$155 million, down from last year’s lofty level of \$2.1

billion—or \$300 million excluding the \$1.8 billion transaction involving CNET Networks. The second quarter dollar volume was fairly in line with the first quarter 2009 total of \$140 million.

Noteworthy content-related Internet deals were:

- Disney Online acquired family-focused content provider Kaboose, Inc., for \$23.3 million
- AOL acquired provider of online networks of local information and communities Patch Media and Going, Inc. for \$7 million
- Online job search service for healthcare professionals, AllHealthcareJobs.com, was acquired by Dice Holdings for \$2.8 million. ■

## M&A DEAL ACTIVITY SECOND QUARTER 2009 vs. 2008 PUBLISHING, INFORMATION AND TRAINING INDUSTRIES

\$ millions	2Q 2009		2Q 2008		% Change			
	No. of Deals	\$ Value (\$MM)	No. of Deals	\$ Value (\$MM)	No. of Deals		\$ Value	
Trade Magazines/Trade Shows	11	77	19	63	-42%	↓	22%	↑
Consumer Magazines	8	44	6	34	33%	↑	30%	↑
Trade Book & Other Consumer Publishing	8	213	5	42	60%	↑	407%	↑
Education/Reference/Technical	4	200	10	60	-60%	↓	232%	↑
Publishing-Related Software	17	415	10	135	70%	↑	207%	↑
Internet/Interactive	22	155	19	2,147 <sup>1</sup>	16%	↑	-93%	↓
Training	17	1,031 <sup>2</sup>	17	1,115	0%		-8%	↓
Specialized Business Information								
<i>Business, Legal and Other</i>	9	929 <sup>3</sup>	23	773	-61%	↓	20%	↑
<i>Finance/Real Estate</i>	4	26	8	220	-50%	↓	-88%	↓
<i>Newsletters/Directories</i>	1	2	2	52	-50%	↓	-95%	↓
Subtotal	14	957	33	1,045	-58%	↓	-8%	↓
Total	102	\$3,092	119	\$4,641	-15%	↓	-33%	↓

Source: Whitestone Communications, Inc.

Footnotes on Major Transactions:

1. Includes the \$1.8 billion acquisition of CNET Networks by CBS Corporation
2. Includes the \$607 million purchase of BPP Holdings plc by Apollo Global, Inc.
3. Includes the \$905 million acquisition of Wood Mackenzie by Charterhouse Capital Partners