

THE JORDAN,
EDMISTON
GROUP, INC.



JEGI CAPITAL

**The Leading
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to the Media and
Information Industries**

Private Equity & Lenders Forum

**Wednesday, September 21, 2005
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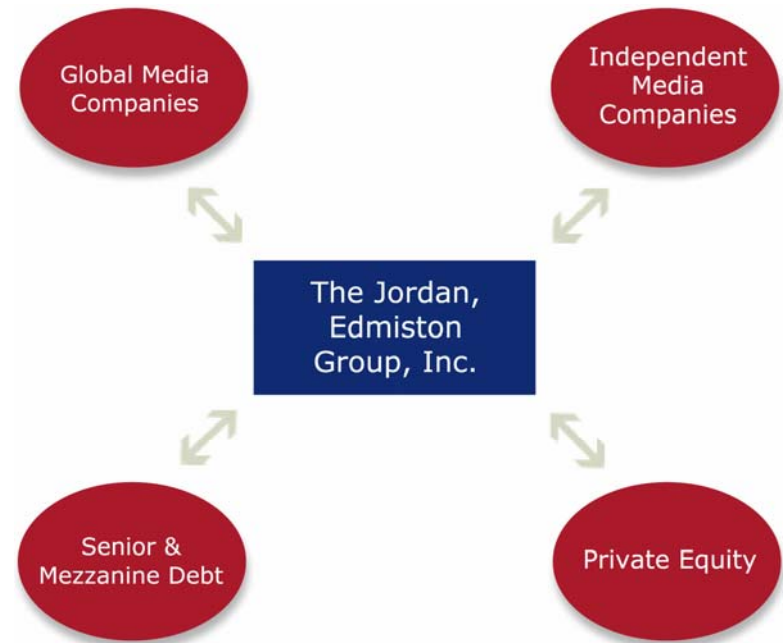
Morgan Lewis

C O U N S E L O R S A T L A W

Wilma Jordan

Founder & CEO,
The Jordan, Edmiston Group, Inc.

- ❑ JEGI is well-positioned in the marketplace – sitting in the middle of:
 - ❑ Major US and international diversified media and information conglomerates
 - ❑ Independent / entrepreneurial media and information businesses
 - ❑ Senior and mezzanine debt lenders
 - ❑ Private equity firms



Consumer Media

Scott Peters

Managing Director,
The Jordan, Edmiston Group, Inc.

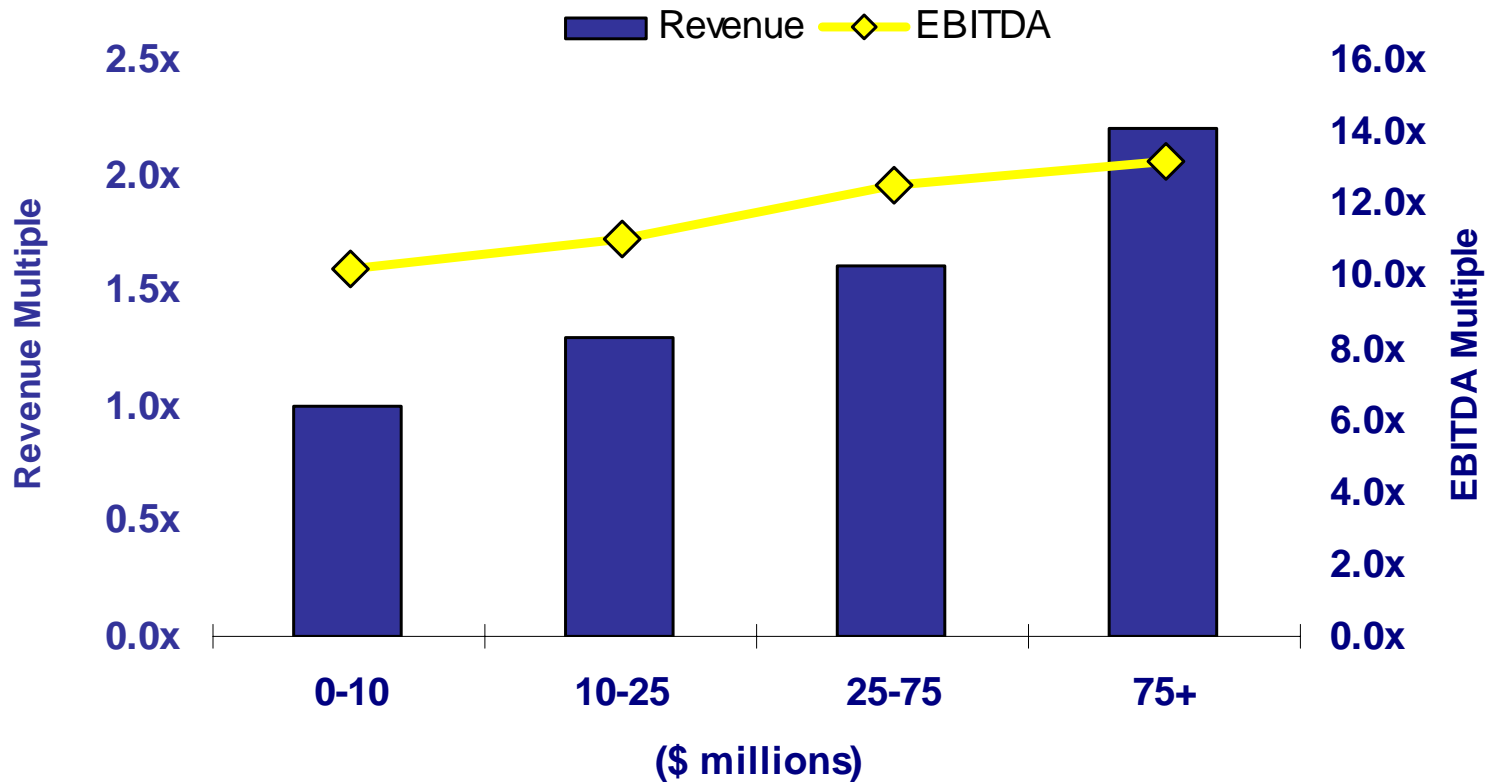
Consumer Media M&A Activity

Industry Sector	2003 January-August*		2004 January-August*		2005 January-August*	
	No. of deals	Value (\$MM)	No. of deals	Value(\$MM)	No. of deals	Value (\$MM)
Consumer Magazines	23	1,379	27	356	25	2,193
Online Media	24	213	37	1,885	41	2,079
Total	47	1,592	64	2,241	66	4,272

*Includes deals announced through end of August
Source: JEGI Transaction Database

Average Consumer Magazine Multiples by Deal Size, 2000-2005YTD*

Average Consumer Multiples by Revenue Size, 2000-2005YTD*



*Includes deals announced through end of August
Source: JEGI Transaction Database

Active Consumer Magazine Buyers 2003-2005YTD*

Company	2003	2004	2005YTD*	Total
Future Network	1	2	2	5
Time Inc.	3	0	2	5
Apprise Media (Spectrum Equity)	0	0	3	3
ABRY Partners (Gallarus Media and F&W Publications)	1	0	1	2
Aspire Media (Frontenac Company)	0	0	2	2
Morris Communications	0	2	0	2
F&W Publications (Providence Equity Partners)	1	1	0	2
Active Interest Media (Windpoint Partners)	1	1	0	2
Mansueto Ventures	0	0	1	1
Meredith Corporation	0	0	1	1
Total, Most Active Buyers	7	6	12	25
Total, Consumer Magazines	35	37	25	97
% Most Active	20.0%	16.2%	48.0%	25.8%

*Includes deals announced though end of August
Source: JEGI Transaction Database

JEGI Core Media

❑ Magazines

❑ General Interest

- ❑ Heavy consolidation among major strategics (Time Warner, Hearst, Conde Nast, Hachette, Readers Digest, Meredith)
- ❑ Strong cash flows with minimal cap ex
- ❑ Margins (10%+) slim vs. newspapers
- ❑ Increasing advantages of scale in distribution and across all significant cost centers
- ❑ Heavily challenged circulation models in both subscription and single copy sales
- ❑ Nonetheless, core brands are foundation for integrated media model

JEGI Core Media

- ❑ Magazines - continued
 - ❑ Special Interest / Enthusiast
 - ❑ 800+ new launches every year; 90% gone within one year
 - ❑ Attract both endemic and national advertisers (endemic base more vulnerable to inroads of paid Internet search)
 - ❑ Strong subscription characteristics (loyal enthusiasts)
 - ❑ Strong base of buyers for a range of ancillary products, including events, books, videos, online content, etc.
 - ❑ Challenge for smaller independents to compete profitably against large platforms with scale

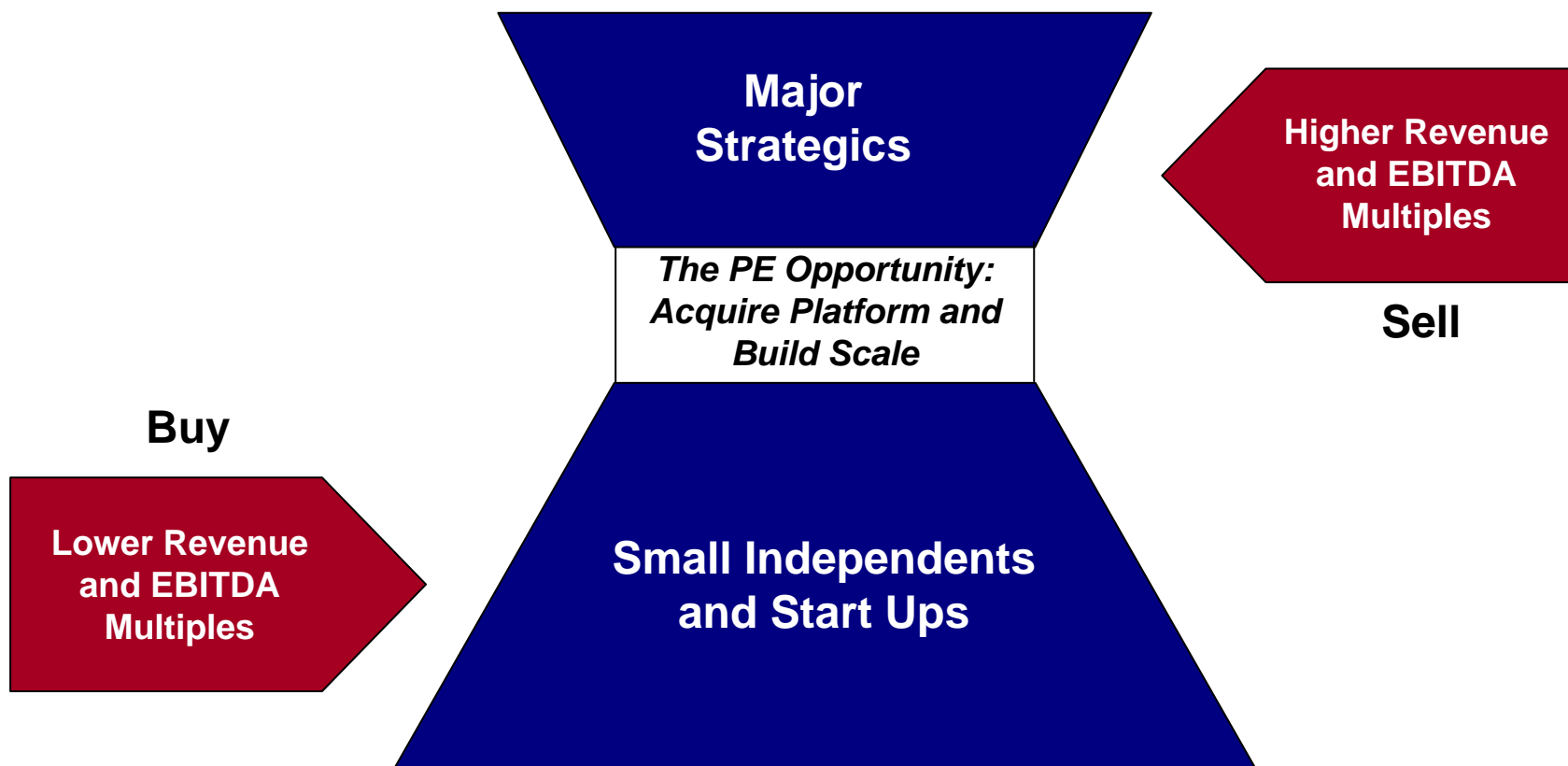
Special Interest Publishing

An Excellent Opportunity for
PE Firms

One Year Later...

The Private Equity Opportunity

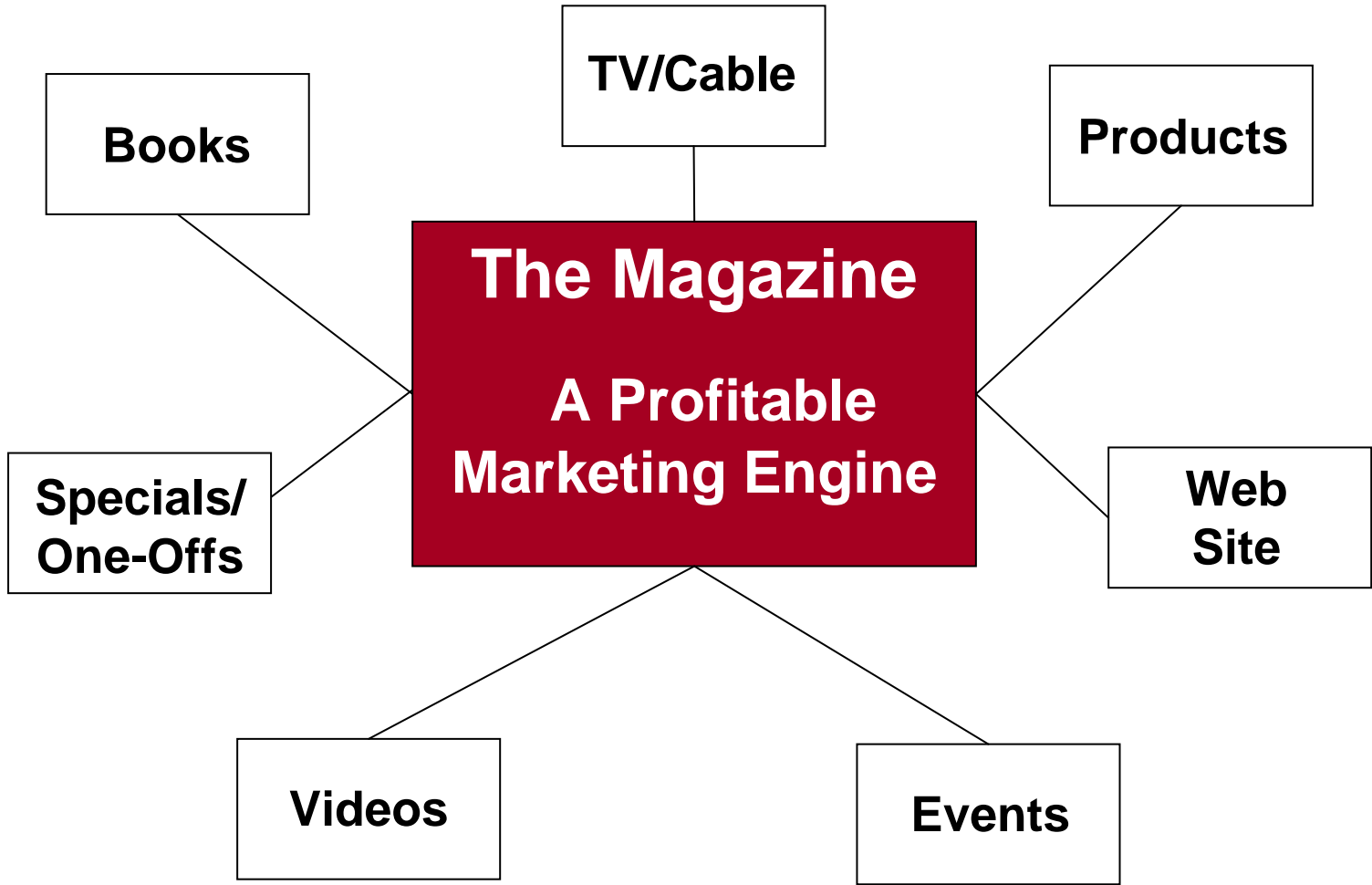
- ❑ Sophisticated banks are eager to lend in the publishing sector
 - ❑ Facilities ranging as low as \$2 million; TTM EBITDA multiples as high as 5x



Consumer Magazine PE Landscape

Platform	Private Equity Backing	Sample Brands
Action Media Holdings	Great Hill Partners	Vision Entertainment - Hot Imports Night, National Houseboat Expo, RCX Expo
Active Interest Media	Wind Point Partners	Southwest Art, Black Belt, Vegetarian Times, Better Nutrition, Log Home Living
Apprise Media	Spectrum Equity	Beckett Media, Inside Kung Fu, Action Pursuit Games, Street Trucks, Import Racer
Aspire Media	Frontenac Company	Interweave Press, Beadwork, Fiber Arts, Handwoven, Natural Home & Garden
Curtco Robb Media	Weston Presidio Capital	The Robb Report, Worth, Showboats
F&W Publications	Abry Partners	Writer's Digest, Horticulture, Memory Makers, Family Tree, Adams Media
World Publications	Boston Ventures	Waterski, Sport Diver, Power Cruising, Sailing World, Cruising World, Saveur, Garden Design

Magazines – At the Core of the Integrated Media Model



Consumer Magazine Opportunity

- ❑ 2006 Investment Theme
 - ❑ Merge online expertise with strong offline brands
 - ❑ Few magazine companies have fully developed online expertise
 - ❑ As a result, magazines in print continue to serve as the heart of enthusiast communities
 - ❑ However, online communities and successful e-commerce models are beginning to emerge
 - ❑ ESPN
 - ❑ Trader Publishing
 - ❑ World Publications

B2B INFORMATION MEDIA

B2B Information Media Landscape

Advertising & Marketing Products

- Magazines
- Custom Publishing
- Exhibitions
- Custom Events
- Online Media

Data & Subscription Products

- Conferences
- Databases
- Directories
- Market Research
- Newsletters
- Journals

Top 10 B2B Groups with US Operations

Information Categories

Rank	Company	Type	HQ	2004 Worldwide Company Rev. (\$mm)	2004 Worldwide B2B Divisions (\$mm)
1	Reed Elsevier	Public	UK/NED	9,271	7,599
2	Reuters Group	Public	UK	5,558	5,558
3	Thomson Corporation	Public	CAN	8,098	5,606
4	VNU	Public	NED	5,159	5,159
5	Wolters Kluwer	Public	NED	4,449	4,449
6	Bloomberg	Private	US	3,500	3,500
7	IDG	Private	US	2,500	2,500
8	Taylor Nelson Sofres	Public	UK	1,789	1,789
9	McGraw-Hill	Public	US	5,250	1,485
10	D&B	Public	US	1,414	1,414

Advertising & Marketing	Data and Subscription
✓	✓
	✓
	✓
✓	✓
	✓
	✓
✓	✓
	✓
✓	✓
	✓

Total Worldwide Revenues for Top 10 B2B Groups: \$46,988 \$39,059

Current M&A Climate

- ❑ Increasing M&A activity across most B2B Information sectors
 - ❑ Strategic buyers very active in Data businesses, less so in Community businesses
 - ❑ PE buyers and sellers have been very active
 - ❑ United Business Media is on a roll
- ❑ Major strategic groups have now re-focused their efforts on acquisitions to supplement organic growth
 - ❑ Acquisitions first, then dispositions
 - ❑ European buyers encouraged by US market size and current US weakness
- ❑ Debt market continues to be robust
 - ❑ 5x – 7x is now the norm
 - ❑ Second lien market is highly active

Business Media M&A Activity

Industry Sector	2003 January-August*		2004 January-August*		2005 January-August*	
	No. of deals	Amount (\$MM)	No. of deals	Amount (\$MM)	No. of deals	Amount (\$MM)
Business Magazines	21	134	25	1,085	31	2,316
Exhibition & Conferences	15	102	14	604	23	1,892
Database Information Services	27	527	33	2,916	25	1,077
Total	63	\$763	72	\$4,605	79	\$5,285

*Includes deals announced through the end of August
Source: JEGI Transaction Database

B2B Information Transaction Summaries

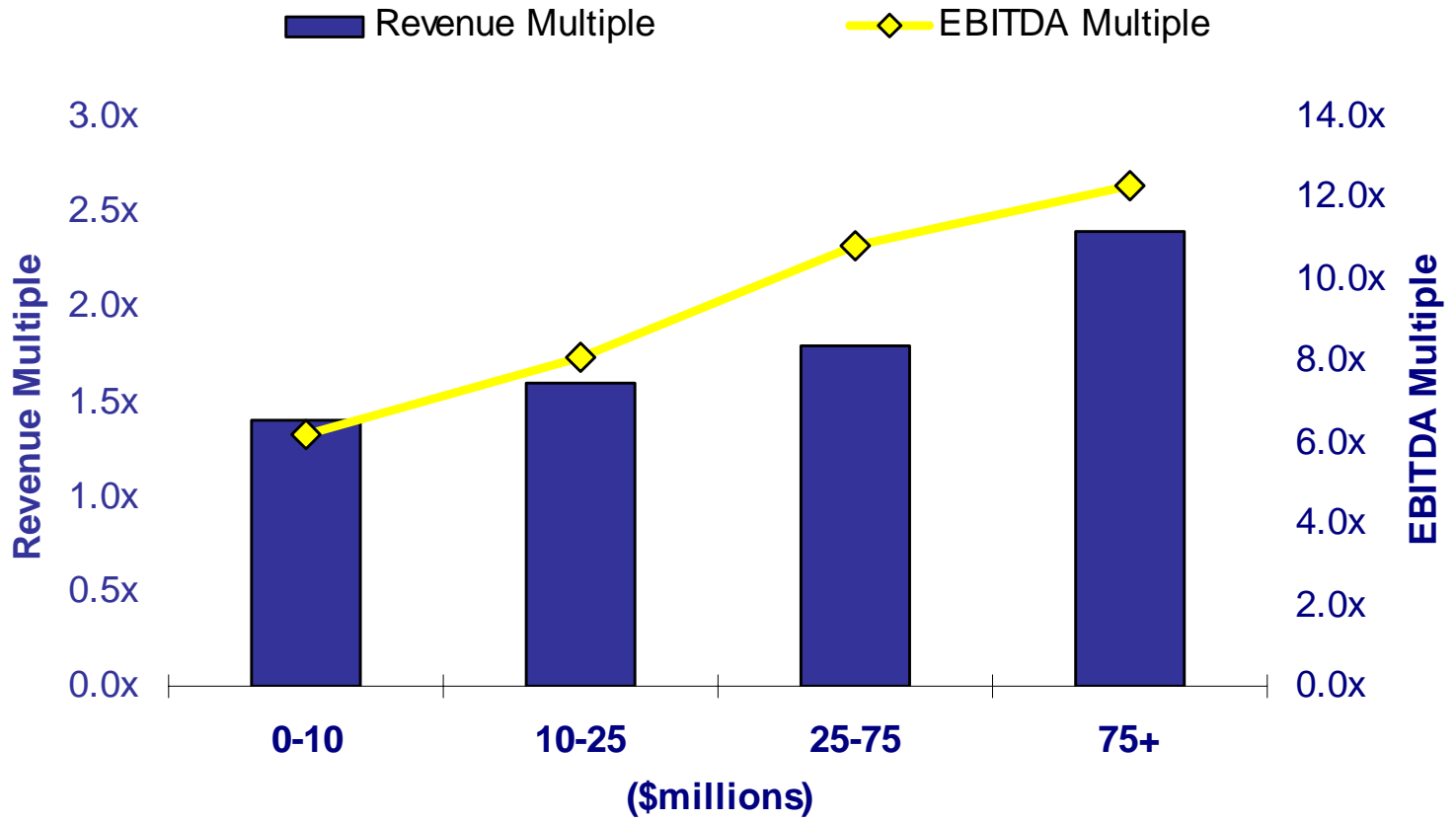
	Number of Transactions 2001-2005YTD*	Deals for Top 10 Most Active Buyers	% of Total	PE Funds Share of Top 10	Current EBITDA Range
B2B Advertising and Marketing					
Magazines	181	39	21.5%	23	7x - 9x
Exhibitions & Conferences	152	47	30.9%	16	8x - 10x
B2B Data and Subscription					
All Data and Subscription	185	55	29.7%	2	9x - 12x
	518	141	27.2%	41	

Leading Business Magazine Buyers, 2003-2005YTD*

Company	2003	2004	2005YTD*	Total
United Business Media	3	1	3	7
VS&S Fund Companies	3	1	1	5
Advanstar Communications (CSFB Private Equity)	2	1	0	3
Cygnus Business Media (ABRY Partners)	2	0	1	3
Highline Media (Spire Capital Partners)	1	1	1	3
Haymarket Group	1	1	0	2
Penton Media (ABRY Partners)	0	1	1	2
Pfingsten Publishing (Pfingsten Partners)	0	1	1	2
Reed Elsevier	0	2	0	2
Total, Most Active Buyers	12	9	8	29
Total, Business Magazines	31	39	31	101
% Most Active	38.7%	23.1%	25.8%	28.7%

B2B Magazine Transaction Multiples, 2000-2005YTD

Average Business Magazine Multiples by Revenue Size, 2000-2005YTD*



*Includes announced deals through the end of August
Source: JEGI Transaction Database

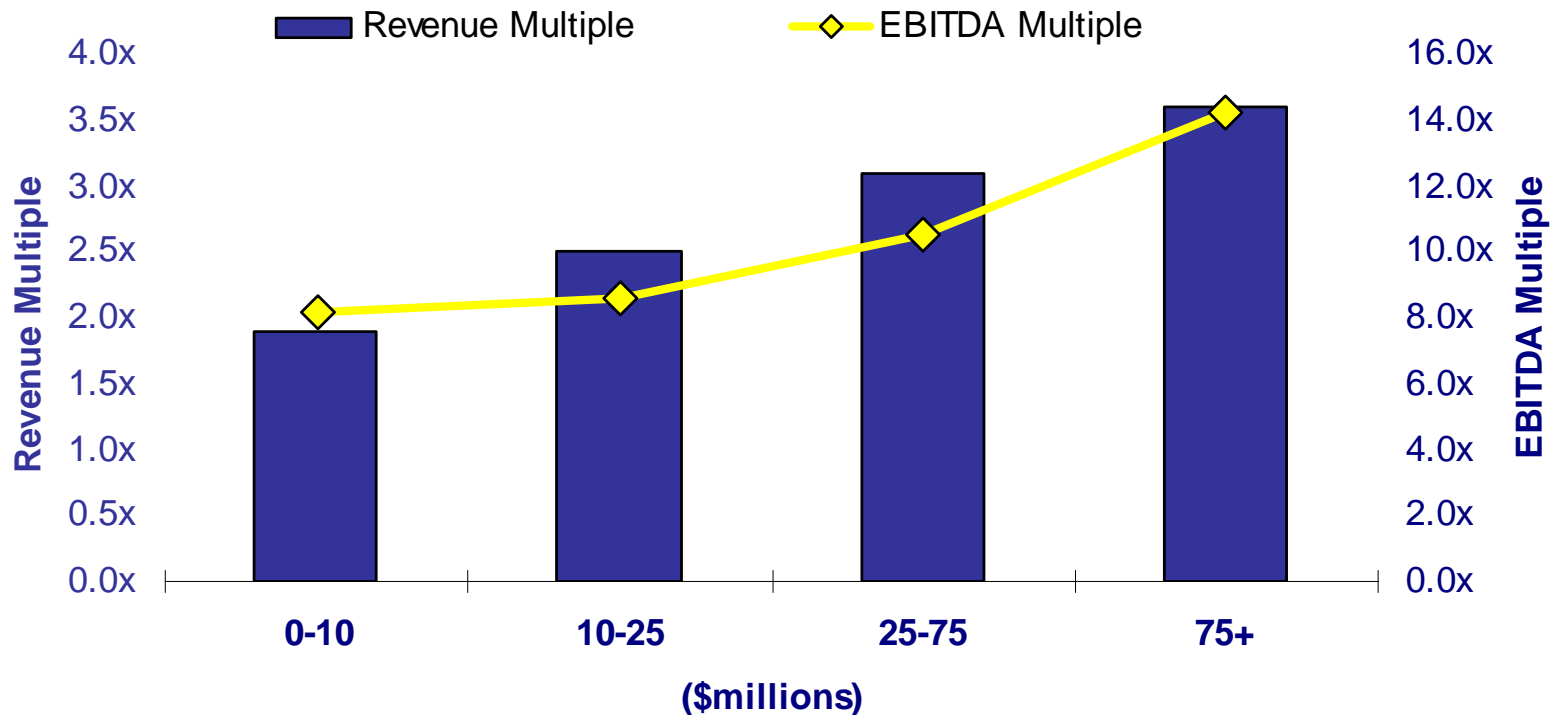
Leading Exhibition and Conference Buyers, 2003-2005YTD*

Company	2003	2004	2005YTD*	Total
dmg world media/Euromoney (Daily Mail & General Trust)	3	3	3	9
CMP Media (United Business Media)	0	0	3	3
Cygnus Business Media (ABRY Partners)	2	1	0	3
Advanstar Communications (CSFB Private Equity)	0	0	2	2
Diversified Business Communications	2	0	0	2
Emap Communications (Emap plc)	1	1	0	2
Reed Elsevier	0	1	1	2
VS&S Fund Companies	1	1	0	2
Total, Most Active Buyers	9	7	9	25
Total, Events	18	23	23	64
% Most Active	50.0%	30.4%	39.1%	39.1%

*Includes announced deals through the end of August
Source: JEGI Transaction Database

Exhibition and Conference Transaction Multiples, 2000-2005YTD

**Average Exhibition & Conference Multiples by Revenue Size
2000-2005YTD***



*Includes announced deals through the end of August
Source: JEGI Transaction Database

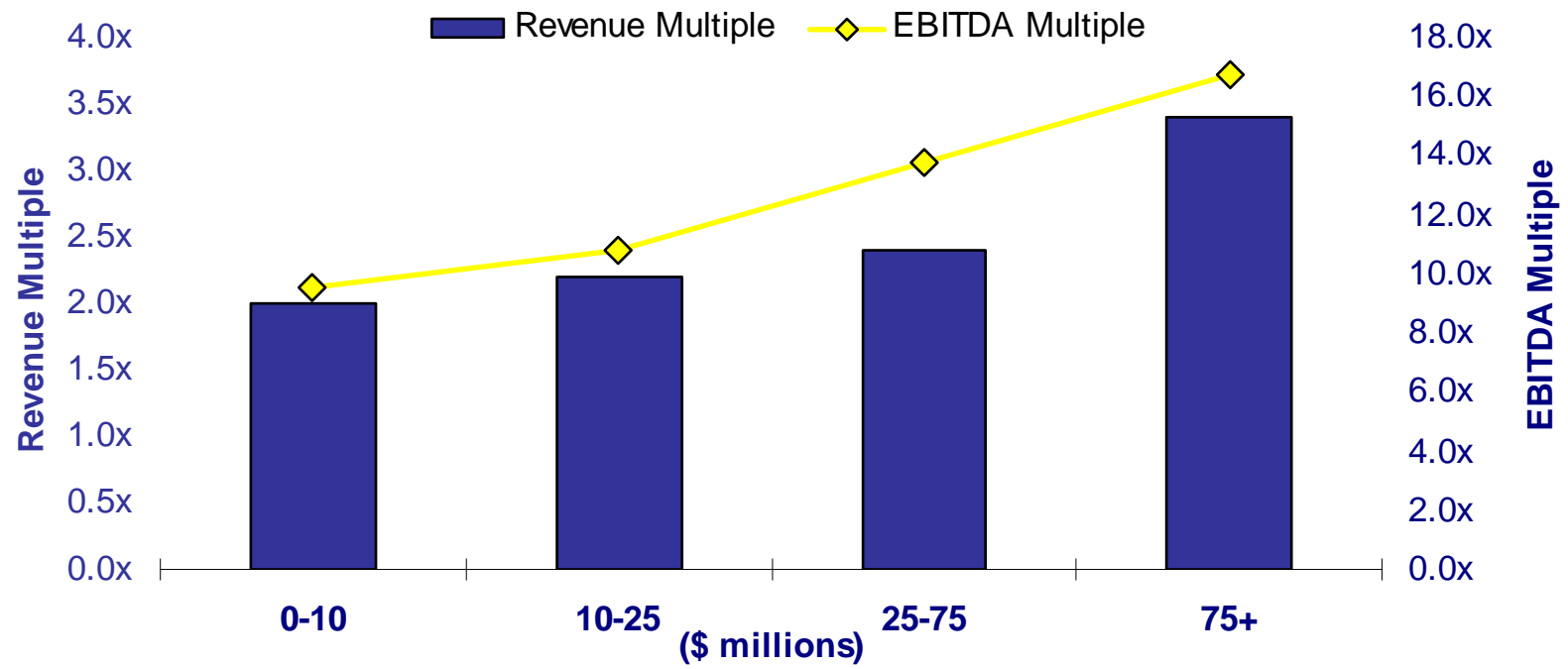
Leading Information Services Buyers, 2003-2005YTD

Company	2003	2004	2005YTD*	Total
Thomson Corporation	1	7	1	9
Reed Elsevier	2	2	1	5
The McGraw-Hill Companies	1	1	2	4
ChoicePoint	0	2	0	2
Daily Mail & General Trust	1	1	0	2
Dow Jones & Co. Inc.	0	2	0	2
Reuters Group	1	0	1	2
Xinhua Financial Network	0	2	0	2
Wolters Kluwer	1	0	0	1
Total, Most Active Buyers	7	17	5	29
Total, Information Services	39	40	25	104
% Most Active	17.9%	42.5%	20.0%	27.9%

* Includes announced deals through the end of August
Source: JEGI Transaction Database

B2B Information Services Transaction Multiples, 2000-2005YTD

Average Information Services Multiples by Revenue Size, 2000-2005YTD*



*Includes deals announced through end of August
Source: JEGI Transaction Database

B2B Information Opportunities

- ❑ Rich Data
 - ❑ Using technology to link relational data, providing customers with comprehensive information to compress the decision making process
- ❑ Both B2B magazine publishers and B2B exhibition and conference operators are re-thinking their business models
 - ❑ Essential to take full advantage of the Internet and electronic delivery
 - ❑ Need to leverage extensive industry relationships
 - ❑ B2B magazines and events are not going away – but they must evolve
- ❑ A fully integrated, sector-focused B2B information business should command the highest valuation

Interactive Media and Marketing Services

Tolman Geffs and David Clark

Managing Directors,
The Jordan, Edmiston Group, Inc.

Headlines: 2005 Interactive M&A

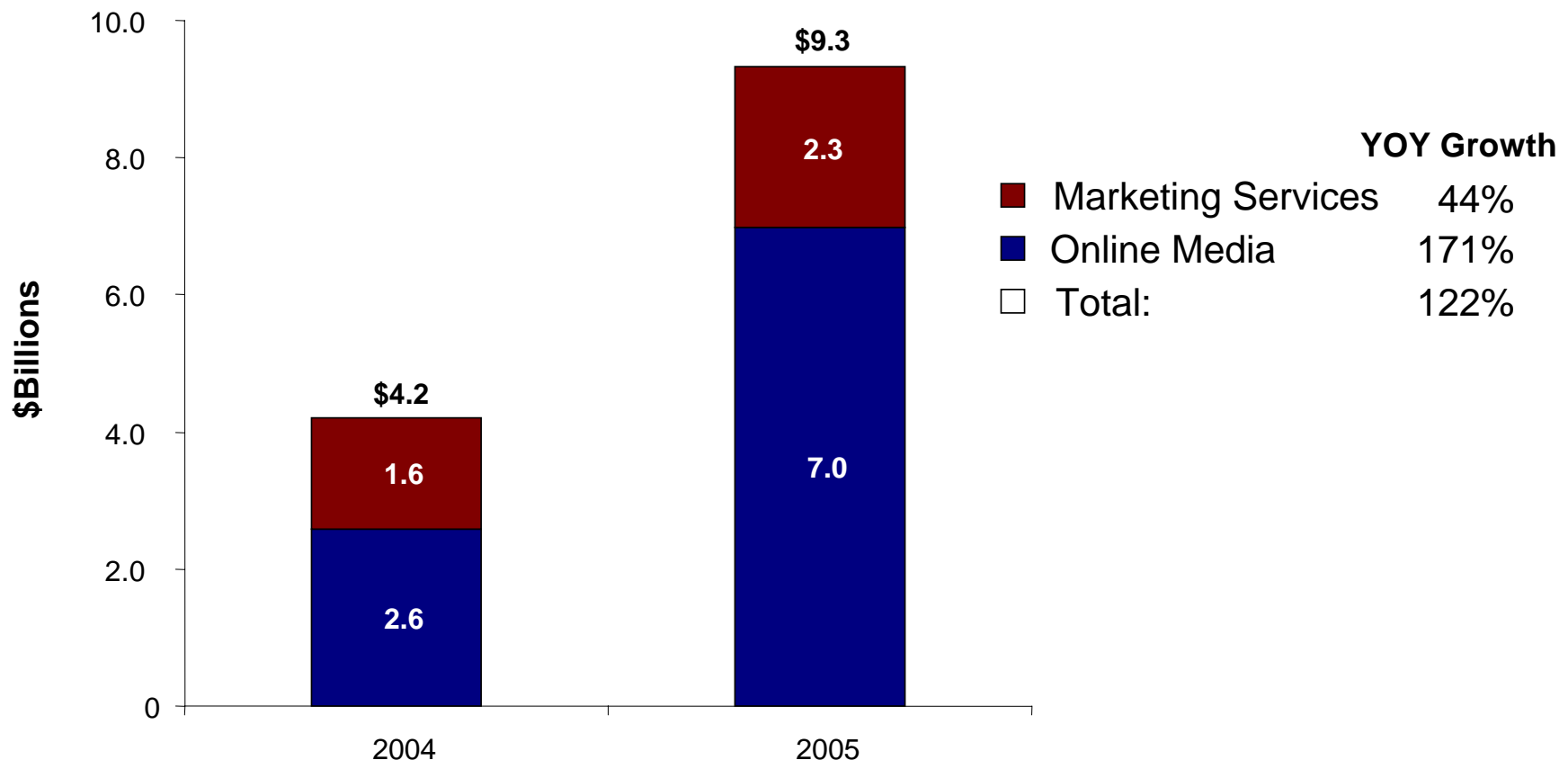
- ❑ Transaction volume up dramatically vs. 2004
 - ❑ Across both media and marketing services
 - ❑ But the buyers have changed

- ❑ Most transactions in B2C and Marketing Services
 - ❑ B2C acquisitions lifted by advertising growth
 - ❑ Services deals reflect maturing industry sub-sectors

- ❑ B2B is emerging in development and transactions
 - ❑ B2B transactions diversify revenue streams
 - ❑ Search enables new economic models

2005 YTD Interactive M&A Volume Doubles

Interactive M&A Transaction Volume, Q1-3*

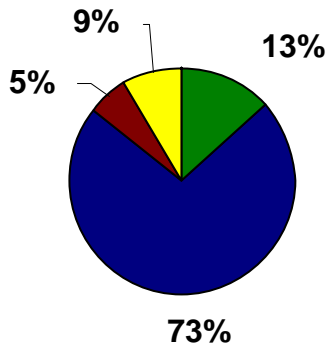


*Transactions through August.

Source: JEGI Transaction Database

The Buyer Universe Has Expanded Dramatically

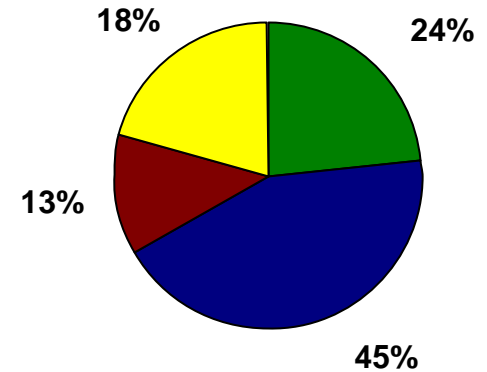
2004
\$4.2 billion total



Acquirers of Interactive Companies, Q1-3*

Buyer Categories	Growth
Interactive	+ 36%
Diversified Media	+ 288%
Marketing Services	+ 368%
Private Equity	+ 517%

2005
\$9.3 billion total



Non-endemic buyers have increased from 28% to 55% of completed transaction value, driving the growth of the market

*Transactions through August.

Source: JEGI Transaction Database

M&A Drivers - CPM* Markets

B2C acquisitions lifted by advertising growth

CPM* Driven Ad Vehicles

- ❑ NY Times / About (\$410m)
- ❑ Dow Jones /
MarketWatch (\$519m)
- ❑ News Corp. / MySpace (\$580m)
- ❑ News Corp. / IGN (\$650m)

Transaction Drivers

- ❑ 30% YOY online ad growth
- ❑ Increased spending by Fortune 500
brand advertisers
- ❑ Emerging rich media ad vehicles
- ❑ Shortage of Tier 1 ad inventory

Mean Revenue Multiple: 9.4x

Mean EBITDA Multiple: 60.5x

M&A Drivers - CPA* Markets

B2C acquisitions lifted by advertising growth (Con't)

CPA* Driven Ad Vehicles

- ❑ Sabre Holdings /
Lastminute.com (\$1.1b)
- ❑ InterActiveCorp /
Lending Tree (\$635m)
- ❑ Experian /
LowerMyBills (\$380m)

Transaction Drivers

- ❑ Proven effectiveness of online customer acquisition models
- ❑ Significant shift of DM budgets online
- ❑ Horizontal and vertical buys among online DM leaders

Mean Revenue Multiple: 4.2x

Mean EBITDA Multiple: 36.8x

M&A Activity – Interactive Marketing Services

Consolidation within maturing services sub-sectors

Major Services Transactions

- ❑ ValueClick / FastClick (\$214m)
- ❑ Aegis (Isobar) /
Multiple buys (\$100m+)
- ❑ Acxiom / Digital Impact (\$153m)
- ❑ Alliance Data Systems /
Bigfoot Interactive (\$120m)

Services Category

- ❑ Ad Distribution Services
- ❑ Diversified Agency Services
- ❑ Advertiser Services
- ❑ Database Marketing Services

Mean Revenue Multiple: 3.0x

Mean EBITDA Multiple: 18.4x

B2B Deals Diversify Revenue Streams

B2B Transactions add new revenue streams to traditional advertising

B2B Transactions

- UBM / Light Reading (\$27m)
- UBM / TechOnline (\$8m)
- TechTarget / Bitpipe (\$40m)
- Marchex / IndustryBrains (\$30m)
- GA, Quadrangle /
Dice Inc. (\$175m)

Revenue Model

- Online advertising, conferences
- Engineering training & sponsorship
- IT job listing subscriptions
- IT whitepaper lead generation
- Contextual B2B text ads

Mean Revenue Multiple: 3.0x

Mean EBITDA Multiple: 12.6x



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Business Blogs



Kevin Stirtz: Lessons from Greatness

"Great work is done by people who are not afraid to be great." - Fernando

Expert Advice

Internet & E-Commerce by Greg Sterling

Q: Should I be using a blog for marketing purposes?

A: The efficacy of blogging as a marketing



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Search Drives New B2B Models

Search As User Acquisition

- ❑ Research and product discovery is moving online, as is lead generation
- ❑ Sites provide deep B2B resources (e.g., articles, product specs, tools, wikis)
- ❑ Every page optimized as “front door” for cost efficient user acquisition via search
- ❑ Examples
 - KnowledgeStorm (IT)
 - AllBusiness.com (small business)
 - BitPipe (IT, acq by TechTarget)

Search as User Tool

- ❑ Google has its shortcomings (“Java”), so B2B sites offer focused external search
- ❑ Tremendous “human in the loop” work to index sites and “deep web” resources
- ❑ Revenue via licensing, lead gen, contextual ads (e.g., Google AdSense, Business.com)
- ❑ Examples
 - GlobalSpec (engineering)
 - KnowIT, IT.com (IT)
 - Northern Light (enterprise custom search)



Private Equity Implications

- ❑ B2B ad spending will continue to shift to lead gen
- ❑ Search recuts niche audience economics
- ❑ Diversified B2B content players must compete for search traffic – and acquire focused online players
- ❑ B2B Search and Lead Generation will mature from VC to more mainstream investment/platform opportunities