



SINCE 1987

# VALUING TRADE SHOW & CONFERENCE BRANDS

## SISO Executive Conference

*Richard Mead, Managing Director  
Adam Gross, Vice President  
The Jordan, Edmiston Group, Inc.*

*August 15, 2006*

Introduction

Overview of the North American Exhibition Industry

The North American Exhibition M&A Market

Valuing Trade Show and Conference Properties

Factors Affecting Valuations

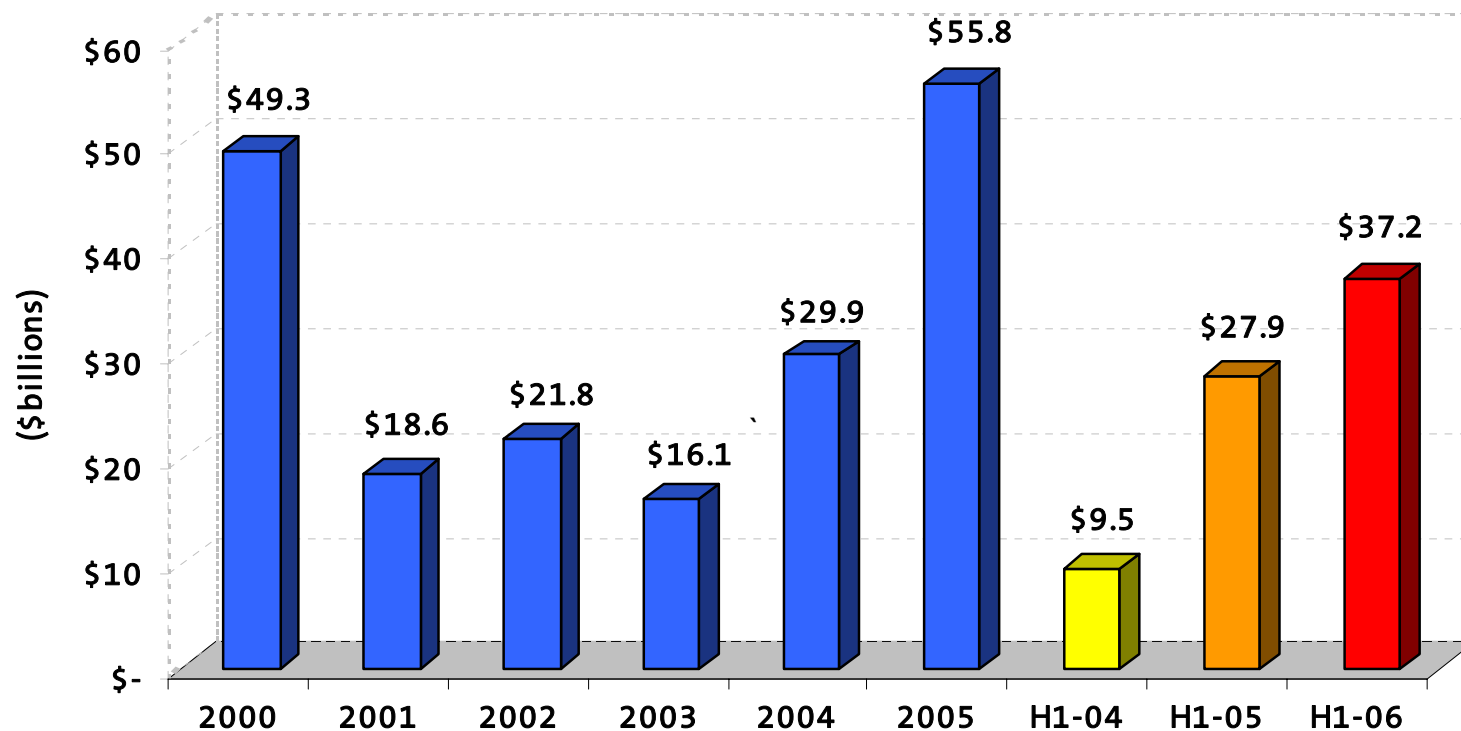
Maximizing Shareholder Valuation

## M&A ACTIVITY – 1<sup>st</sup> HALF 2005 v. 1<sup>st</sup> HALF 2006

Industry Sector	2006		2005		% Change	
	January - June No. of Deals	Value (\$MM)	January - June No. of Deals	Value (\$MM)	No. of Deals	Value
Business-to-Business Magazines	19	2,065	26	1,696	(26.9%)	21.8%
Consumer Books	3	1,018	5	35	(40.0%)	2807.1%
Consumer Magazines	24	697	19	1,866	26.3%	(62.6%)
Database Information Services	22	1,101	19	277	15.8%	298.1%
Directory & Reference Publishing	11	6,277	17	6,424	(35.3%)	(2.3%)
Educational & Professional Publishing	8	194	17	695	(52.9%)	(72.1%)
Exhibitions & Conferences	22	631	17	1,838	29.4%	(65.7%)
Marketing & Interactive Services	70	12,004	50	5,549	40.0%	116.3%
Newsletter Publishing	7	56	12	26	(41.7%)	115.4%
Newspaper Publishing	43	9,432	50	3,463	(14.0%)	172.4%
Online Media	86	3,710	48	5,988	79.2%	(38.0%)
<b>Total</b>	<b>315</b>	<b>37,184</b>	<b>280</b>	<b>27,855</b>	<b>12.5%</b>	<b>33.5%</b>

*2005 surpassed 2000 levels in M&A value; H1-2006 is up 33.5% over 2005 levels and is on pace to exceed full-year 2005 in Q4*

Media and Information Industries M&A Transaction Value, 2000 - H1-2006

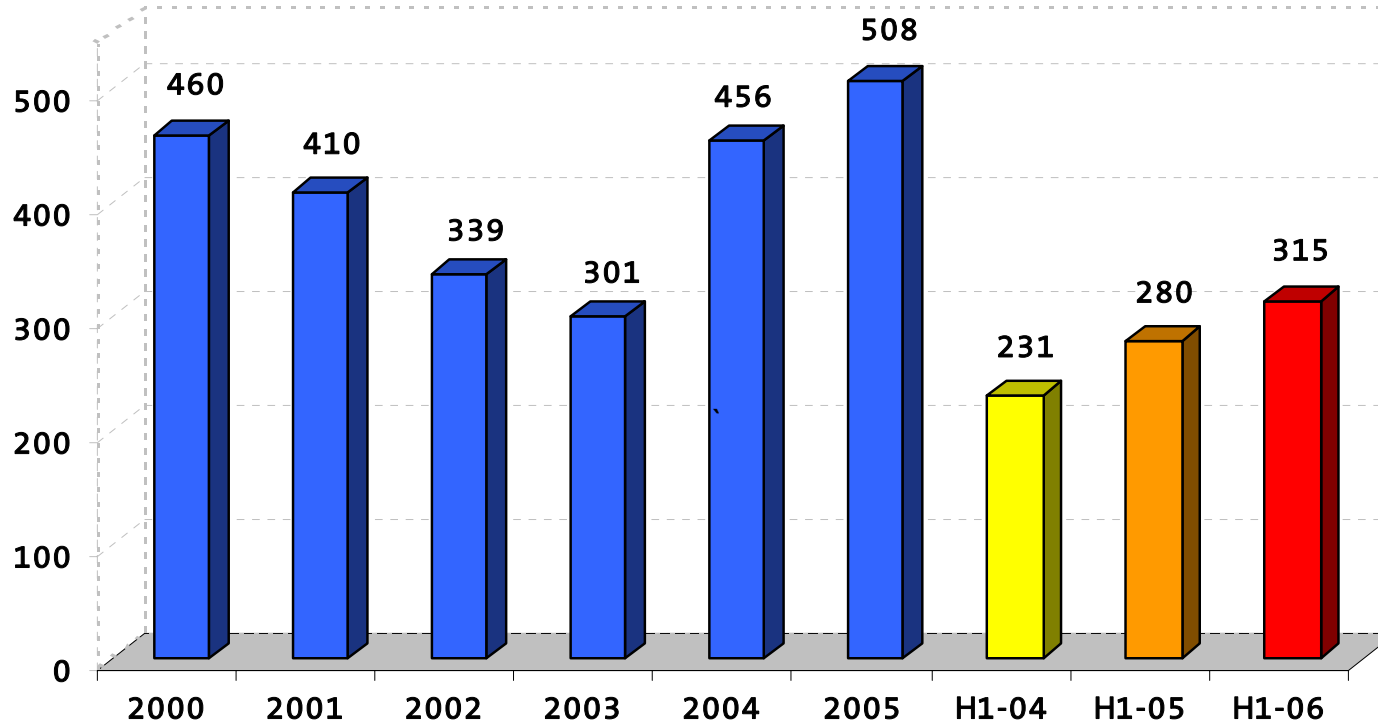


**Notes:** The Jordan, Edmiston Group tracks 11 media and information industry sectors, including B2B and Consumer Magazines; Exhibitions & Conferences; Marketing & Interactive Services; Online Media; Business Information Services; Newspapers; Newsletters; and Directories. 2000 excludes America Online's purchase of Time Warner for \$106 billion.

**Source:** The Jordan, Edmiston Group, Inc. Transaction Database

*Deal activity dropped substantially from 2000 to 2003, before rebounding in 2004 and 2005; H1-2006 is up 12.5% over 2005 levels*

Media and Information Industries M&A Deal Activity, 2000 - H1-2006

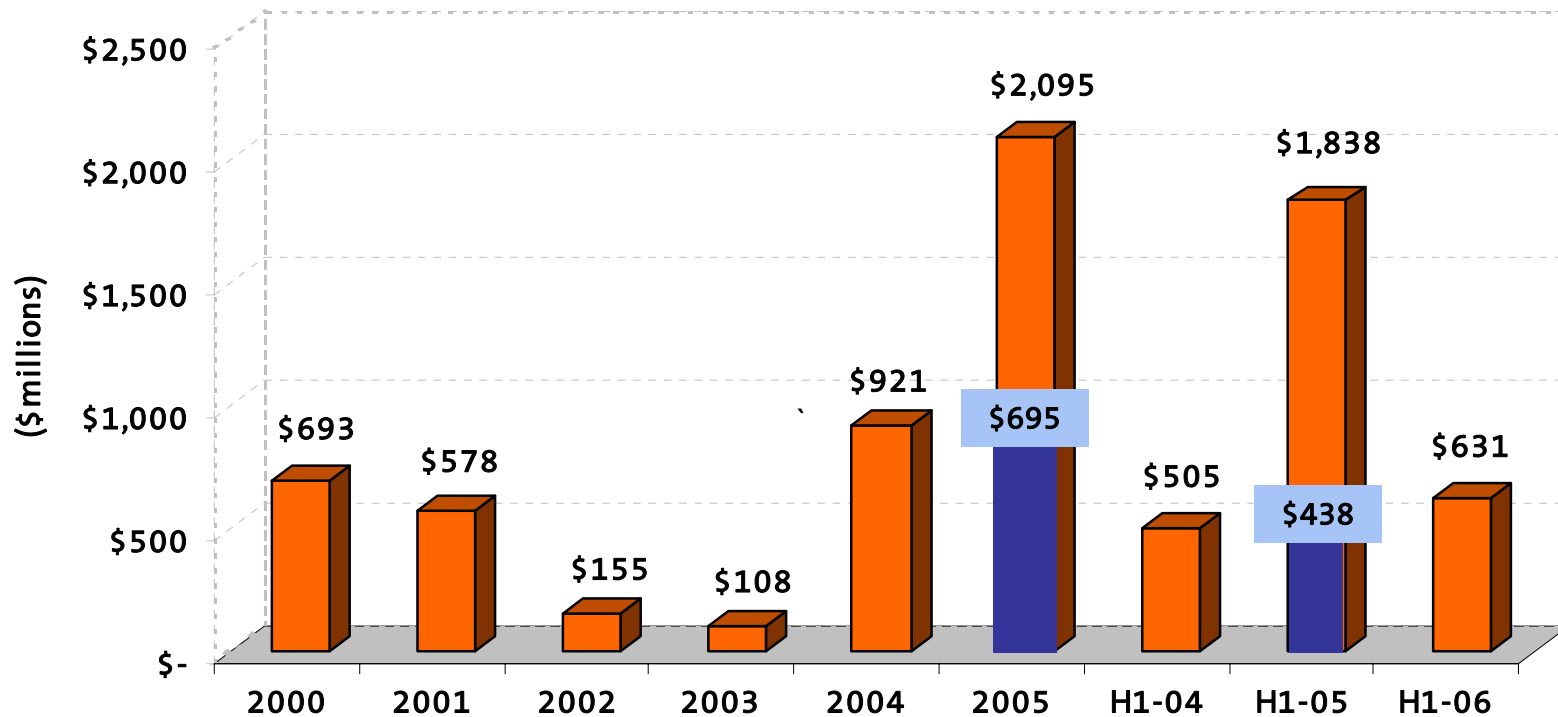


Source: The Jordan, Edmiston Group, Inc. Transaction Database

# EXHIBITION INDUSTRY M&A TRANSACTION VALUE

*Due to the \$1.4 billion IIR deal in the first half of 2005, deal value for the Exhibition Industry spiked; deal value for the sector is up strongly in the first half of 2006 against a normalized first half of 2005*

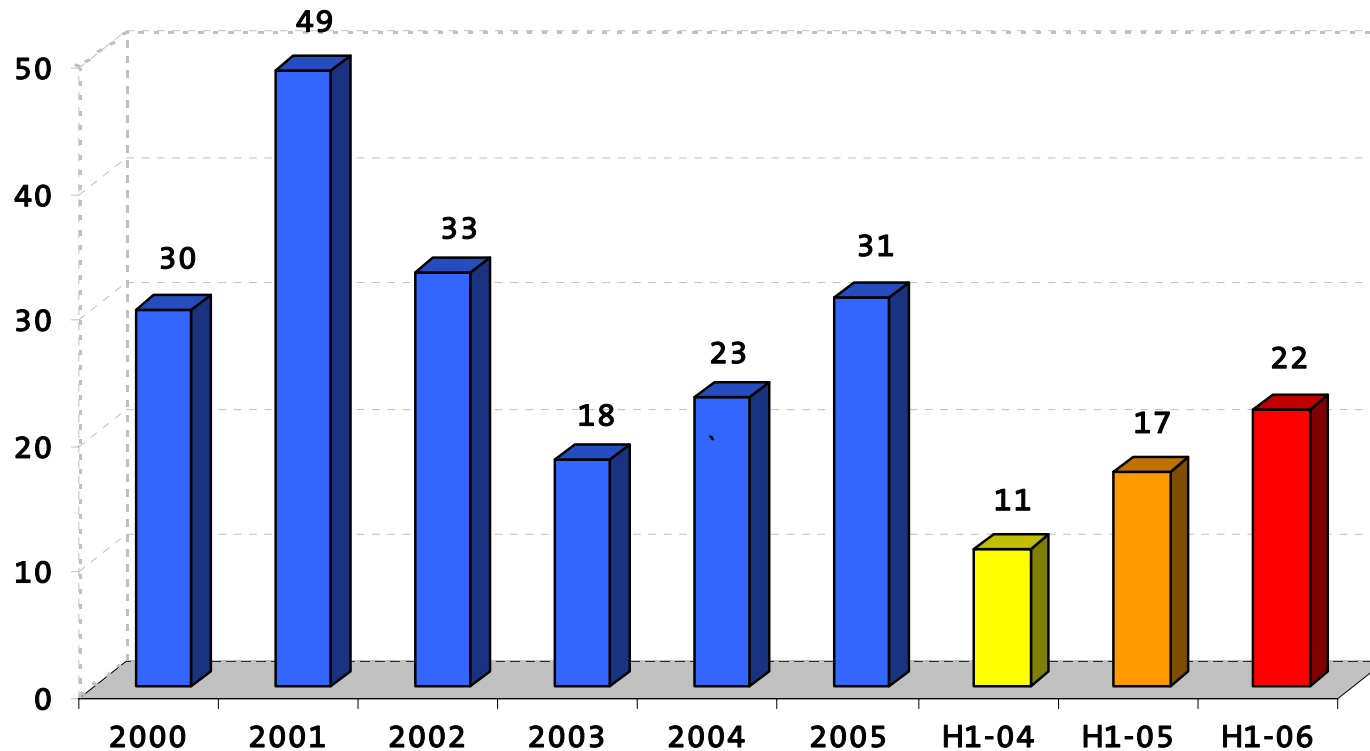
Exhibition Industry M&A Transaction Value, 2000 - H1-2006



Source: The Jordan, Edmiston Group, Inc. Transaction Database

*The number of Exhibition Industry deals rebounded in 2004 and then grew nearly 35% in 2005; 1<sup>st</sup> Half 2006 deal activity is up 29% over prior year's levels*

Exhibition Industry M&A Deal Activity, 2000 - H1-2006



Source: The Jordan, Edmiston Group, Inc. Transaction Database

➤ JEGI's relevant transactions since January 2005 include:

- Trade Shows
  - Sale of Reed Elsevier's US Manufacturing and Industrial Shows to Canon Communications (Apprise Media)
  - Sale of Shorecliff Communications to CMP Media (United Business Media)
  - Sale of AD:TECH to dmg world media
  - Sale of Tissue World to CMP Asia
  - Sale of CMM International to PennWell
  - Sale of Search Engine Strategies to Incisive Media
  - Sale of Informex to CMP Media
  - Sale of International Investment Conferences to Pfingsten Publishing (Pfingsten Partners)
- Conference Businesses
  - Sale of Strategic Research Institute to ALM Properties (Wasserstein)
  - Sale of Evanta to dmg world media
  - Sale of Black Hat to CMP Media
  - Sale of iMedia to dmg world media
- Multi-Media Companies with Event Component
  - Sale of 101Communications to 1105 Media (Nautic and Alta)
  - Sale of Commonwealth Business Media to United Business Media
- Other Event Related Businesses
  - Sale of George Fern to Wachovia Capital Partners

- In general, B2B media companies with the following features obtain the highest valuations:
  - The industrial sector served is complex
    - Strong domestic and international growth prospects
    - Lots of buyers and sellers that need efficient channels to connect
    - Direct or close involvement in facilitating transactions between buyers and sellers
    - High price per product transaction makes relevant B2B information more valuable
  - An integrated media model
    - Subscription driven revenue – usually not subject to economic or sector cycles
    - A proven online strategy that leverages business relationships across all B2B media
    - Strong competitive position through multiple product offerings that ensure ongoing customer loyalty to your brands
    - “Must Have” rather than “Nice to Have” information that is critical to the user’s business mission
  - Large and scaleable
    - Premiums are paid for those business that can grow rapidly, organically and through acquisitions



# JEGI'S B2B MEDIA MATRIX

Current B2B Media Type and Major Revenue Source			Editorial Content			Product Data			Market Data			End Game	
In Print	In Person	Online	News	Operational Efficiency	Rules and Regs	Raw Materials	Product Information	Supplier Information	Customer Research	Market Research	Market Intelligence	Lead Generation	Transacting Business

## Information Value to User

Must Have

Nice to Have

		√	√	√	√	√	√	√	√	√	√	√	√
√	√												

## B2B Media

Conferences

Custom Events

Custom Pubs

Databases

Directories

Magazines

Newsletters

Trade Shows

Webinars

Web Sites

Conferences	Sub			√	√						√		
Custom Events	Adv						√		√			√	
Custom Pubs	Adv						√		√			√	
Databases	Sub	Sub			√	√	√	√	√	√	√		√
Directories	Sub	Sub					√	√		√			
Magazines	Adv	Adv	√	√			√	√				√	
Newsletters	Sub	Sub	√	√	√	√				√	√		
Trade Shows	Adv						√	√	√	√	√	√	√
Webinars		Adv/Sub		√	√		√	√				√	
Web Sites		Adv/Sub	√	√	√	√	√	√	√	√	√	√	√

*Businesses that provide “Must Have” market intelligence generally drive the highest valuations; exhibitions are third on the B2B media valuation pyramid, trailing online media properties*



Introduction

Overview of the North American Exhibition Industry

The North American Exhibition M&A Market

Valuing Trade Show and Conference Properties

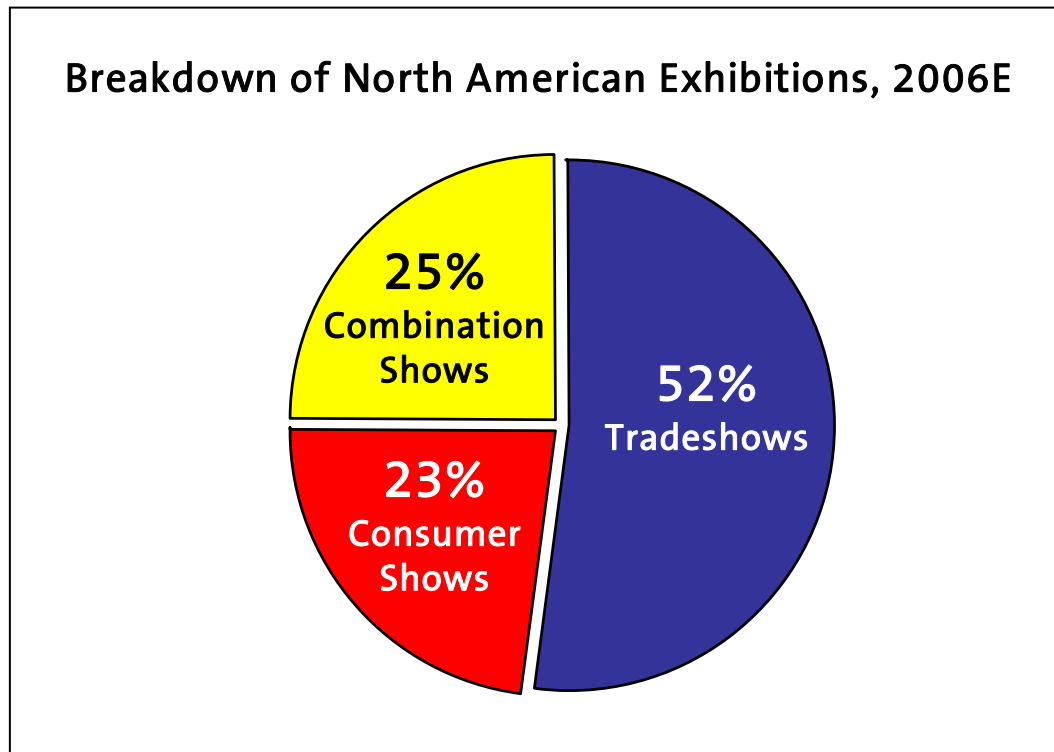
Factors Affecting Valuations

Maximizing Shareholder Valuation

Sector	# B2B	# B2C	Total	% Total
Medical & Healthcare	2,340	56	2,396	19.7%
Sports, Travel & Entertainment	920	1,105	2,025	16.6%
Professional Business Services	1,440	209	1,649	13.5%
Communications & IT	1,270	52	1,322	10.9%
Government, Public & Not-for-Profit	1,190	58	1,248	10.2%
Raw Materials & Science	810	94	904	7.4%
Consumer Goods & Retail	580	109	689	5.7%
Building & Construction	240	316	556	4.6%
Transportation	390	153	543	4.5%
Industrial/Heavy Machinery	440	0	440	3.6%
Food	370	42	412	3.4%
<b>Total</b>	<b>9,990</b>	<b>2,194</b>	<b>12,184</b>	<b>100.0%</b>
<b>% of Total</b>	<b>80%</b>	<b>20%</b>	<b>100%</b>	

Source: CEIR: The Center for Exhibition Industry Research

*Consumer events accounted for less than 10% of all North American exhibitions in the mid-1990s; now comprise 23% of the universe*



**Note:** Percentages don't match exactly with previous slide; two different sources of information.

**Source:** Tradeshow Week

*Led by Reed Exhibitions, the following chart shows the top 10 leading show organizers in the Tradeshow Week 200 in 2005*

Organization	Type	# Shows	Share of Market
Reed Exhibitions	Public	12	6.0%
VNU Expositions	PE	11	5.5%
George Little Mgmt.	Private	8	4.0%
dmg world media	Public	6	3.0%
Advanstar	PE	4	2.0%
Hanley-Wood Exhibitions	PE	4	2.0%
Hall-Erickson	Private	3	1.5%
SmithBucklin	Private	3	1.5%
Society of Manufacturing Engineers	Association	3	1.5%
Ace Hardware Conventions	Private	2	1.0%
<b>Total</b>		<b>56</b>	<b>28.0%</b>

Source: Tradeshow Week



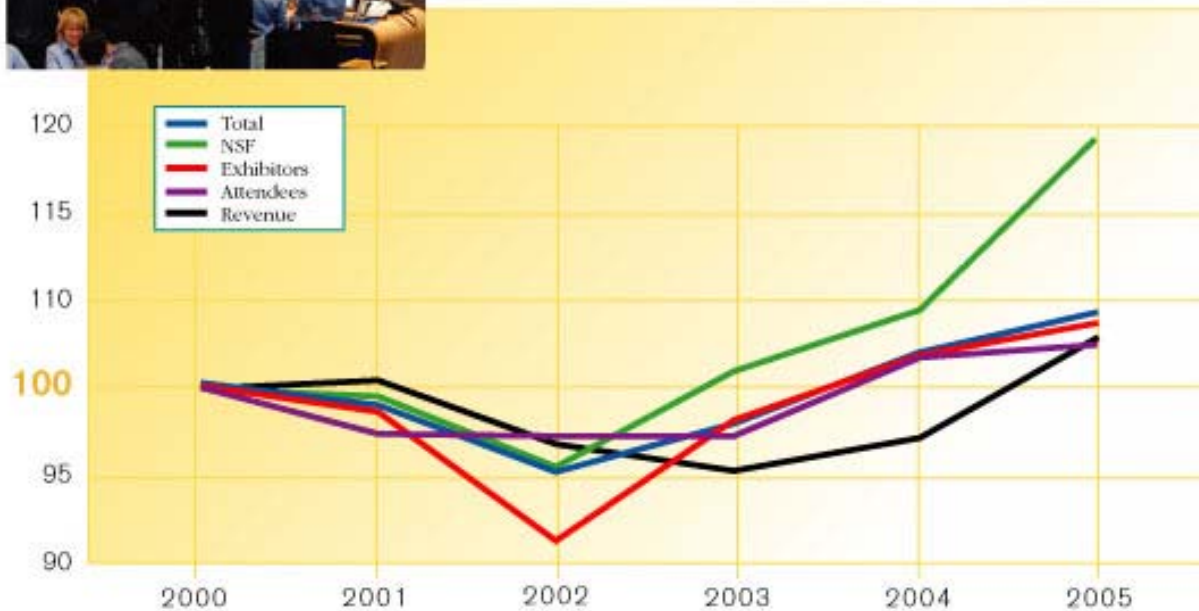
# SELECT LARGE EXHIBITION COMPANIES

Company	Type	Market Sectors Served																		
		Advert & Media	Agri & Floral	Art & Antique	Auto	Build & Constr	Bus, Fin & Legal	Elec & Eng	Ener & Power	Fash & Appar	Food & Bev	Gift & Jewelry	Indus & Manu	Med & Health	Music & Enter	Print & Pack	Sec & Def	Tech & Comm	Trade & Trans	Travel
Advanstar Communications (CSFB)	PE				√					√				√						
Apprise Media (Spectrum Equity)	PE											√	√							
Ascend Media (VS&S and JP Morgan)	PE										√		√		√					
CMP Media (United Business Media)	Public							√					√	√				√		
Cygnus Business Media (ABRY)	PE		√			√						√					√		√	
Diversified Business Communications	Private		√				√				√		√	√				√	√	
dmg world media (Daily Mail & General Trust)	Public		√	√		√		√	√	√	√	√	√		√			√	√	
Hanley-Wood (JP Morgan)	PE					√														
IDG	Private																		√	
Incisive Media	Public	√					√												√	
PennWell Corp.	Private							√	√					√			√	√		
Penton Media	Public/PE					√		√			√		√	√				√		
Prism Business Media (Wasserstein)	PE	√			√			√	√	√			√		√	√	√	√	√	
Questex Media (Audax)	PE						√									√		√		
Reed Exhibitions (Reed Elsevier)	Public	√				√	√	√	√		√	√	√	√	√		√	√		√
VNU Expositions (VNU/Vulcan)	PE				√	√	√			√	√	√		√	√	√	√	√		

- Joint effort between JEGI, Trade Show Executive Magazine and CEIR
- 11 Industry Sectors; 200 Contributing Exhibitions
- Performance measured by four key industry metrics: Net Square Feet; Exhibitors; Attendance; and Revenue



## Exhibitions Overall



- 2005 CEIR Index Report – an invaluable tool for the exhibition industry
- All four key exhibition industry metrics rose in 2005
  - Revenue +9.1%
  - Net Square Feet +8.5%
  - Exhibitors +4.6%
  - Attendance +1.0%
- The following key market sectors led the increase in the exhibition industry's performance:
  - Building and Construction +10.8%
  - Raw Materials and Science +5.6%
  - Sports and Entertainment +5.6%
  - Consumer Goods and Retail +4.7%
  - Professional Business Services +4.6%
- The outlook for the exhibition industry is very positive, as companies and marketers continue to support exhibitions at increasing levels

American Business Media (ABM), which has traditionally tracked B2B magazine data, also began tracking trade show data this year

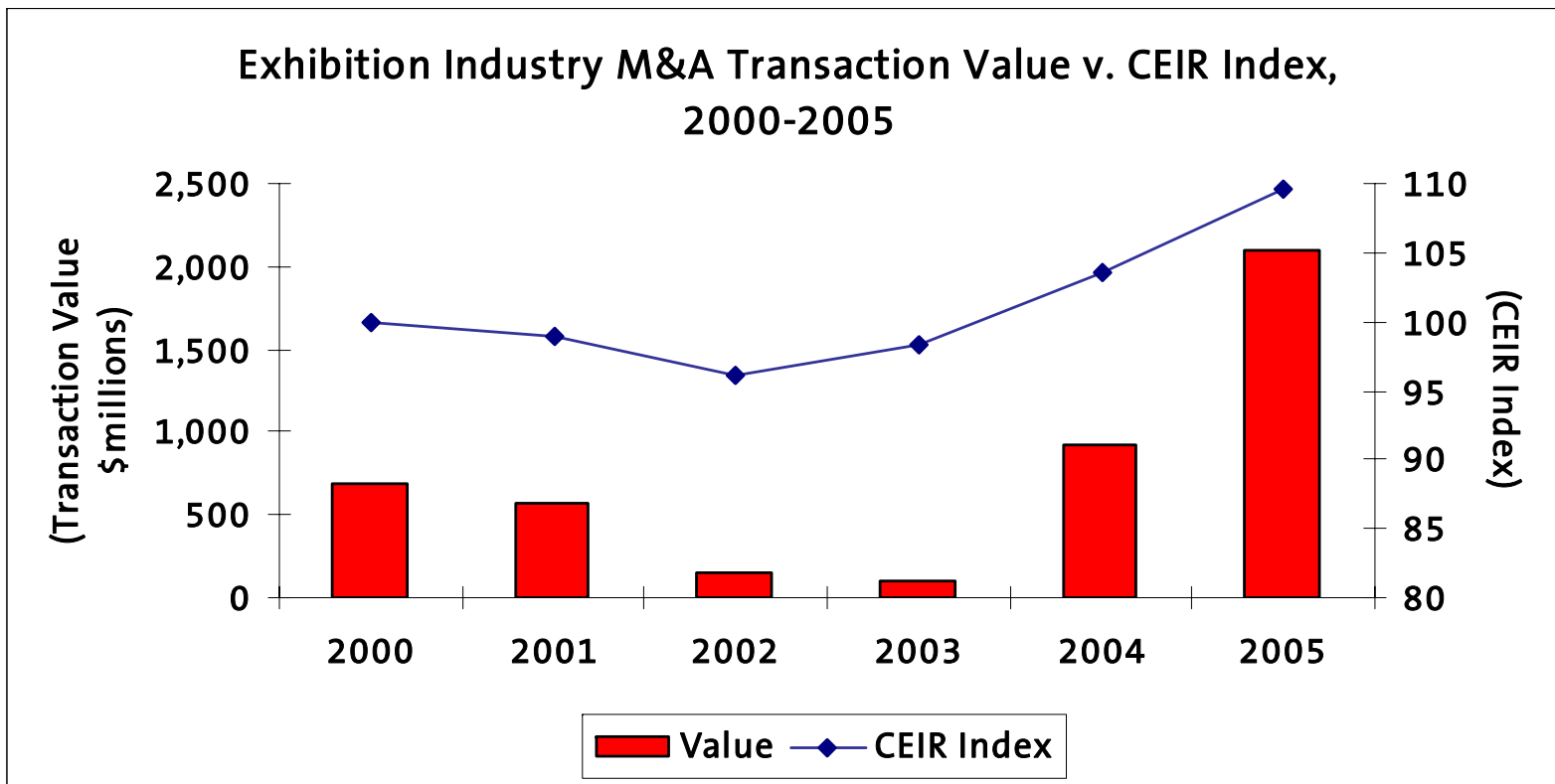
### ➤ Trade Show Data

- Revenue figures for the trade show industry rose 8.9% in 2005 over 2004, with total revenue reaching \$9.8 billion
- Trade show attendance grew 1.1% year-over-year
- Net square feet rose 9.3%

### ➤ B2B Magazine Data

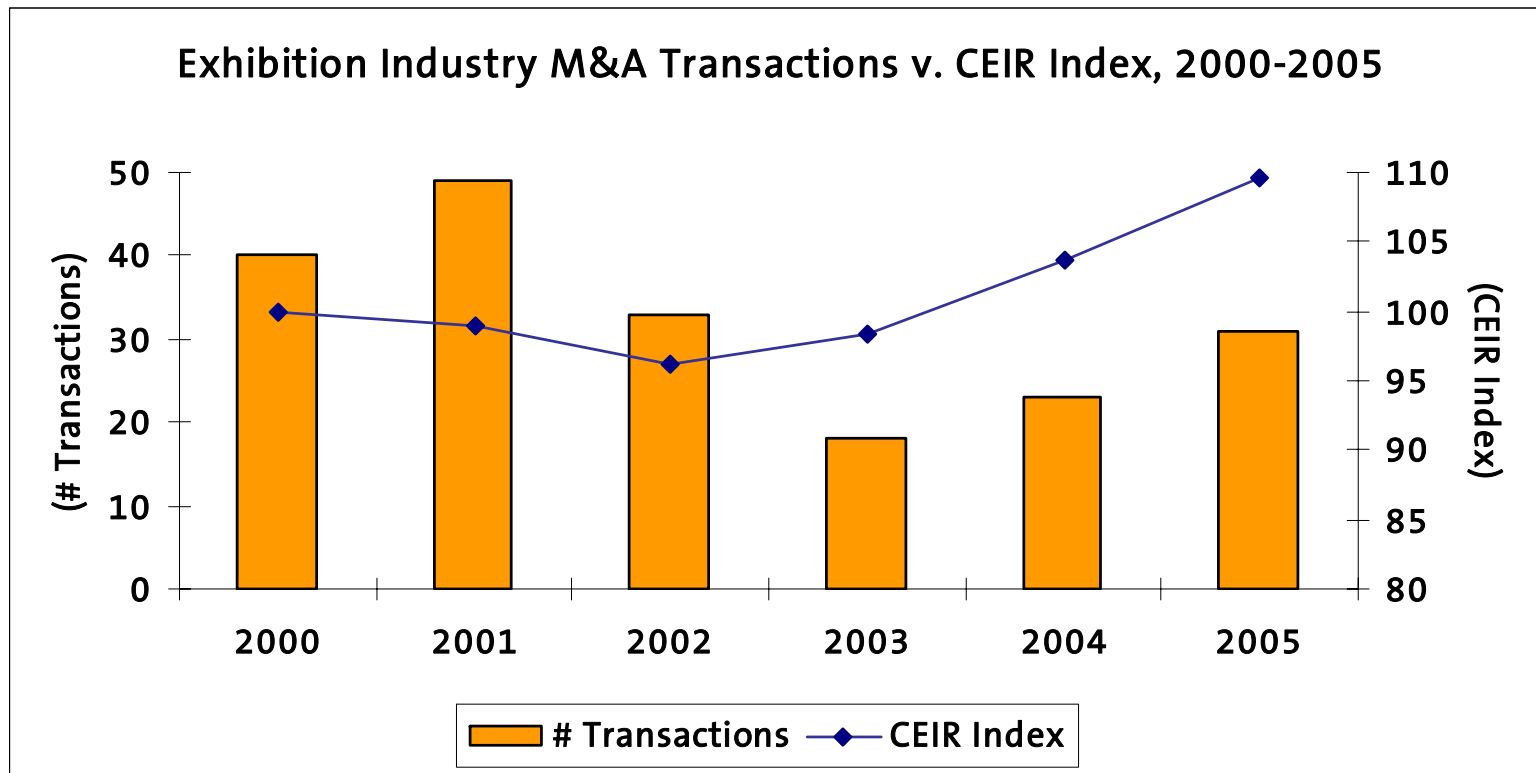
- Revenue figures for the B2B magazine industry rose 5.4% in 2005 over 2004 levels, with total revenue reaching \$10.6 billion
- Ad pages were up 3.9% for the year
- Some key growth sectors included: Agriculture; Banking, Finance & Insurance; and Travel, Meetings & Conventions

*Interestingly, the trend of the value of M&A transactions for the Exhibition Industry tracks closely to the trend of the CEIR Index*



Source: The Jordan, Edmiston Group Transaction Database

*Here again, the trend of the number of M&A transactions for the Exhibition Industry tracks closely to the trend of the CEIR Index, except for the anomaly in deal activity for the sector in 2001*



Source: The Jordan, Edmiston Group Transaction Database

- American Business Media (ABM) Business Media Study, which surveyed a wide array of B2B media executives, provides a very bullish outlook on B2B media and tradeshows, in particular
  - Overall, B2B media executives believe tradeshows raise awareness of their products
  - 70% of executives made or recommended a purchase as a direct result of a tradeshow
  - The strength of tradeshows lie in the interaction with representative and peers and are vital in raising awareness of new products
  - 77% of B2B media executive attended at least one tradeshow/convention in the past 12 months
  - B2B marketing expenditures on exhibitions surpassed those spent on print advertising in 2005

*“85% of ABM's members have tradeshows in their revenue mix, and it's time to start playing offense. There is a strong possibility that the revenue B2B media companies generate from tradeshows will match print this year.”*

Gordon Hughes, President & CEO, ABM

- Tradeshow Week also projects a positive outlook for the exhibition industry. According to data gathered by Tradeshow Week for JEGI...
  - For the first time, there are now 5,000 events with a minimum of 5,000 net square feet of exhibit space
    - The total number of shows is expected to increase 2.3% in 2006
  - Exhibitor participation is continuing to grow in 2006 and event marketers have increased their budgets, primarily because attendance growth has been strong and is expected to increase again in 2006
  - In 2006, the US and Canadian show industry is expected to draw 65 million attendees, showcase 1.6 million exhibitors and use 559 million net square feet of exhibit space

*“There is no other economical way to see as many people at one time face to face. Look at the recent YearlyKos Convention that drew over 1,000 bloggers. It's revealing that bloggers feel compelled to get together when their whole reason for being is online, and that message is starting to reach upper management.”*

Heidi Genoist , Senior Editor, Tradeshow Week

- According to Trade Show Executive's Trending & Spending Forecast from the August 2006 issue...
  - Net square feet of exhibit space is forecast to increase 4.5% in 2006
  - Number of exhibiting organizations +4.0%
  - Professional attendees +2.0%
  - Revenue +8.6%
  - Best performing sectors include: Automotive; Business Services; Construction; Government; and Medical
- However, TSE expresses concern for the tradeshow industry in 2007, due to a number of economic and global trends, including:
  - High oil prices due to the ongoing wars in the Middle East
  - Slowing of US economy and the housing market
  - Inflation

*"Inflation will hit the trade show industry hard in 2007. Costs are rising for service providers, so you can count on increased prices for 2007, especially for products and services linked to petroleum."*

Darlene Gudea, Publisher & Editor, Tradeshow Executive

Introduction

Overview of the North American Exhibition Industry

The North American Exhibition M&A Market

Valuing Trade Show and Conference Properties

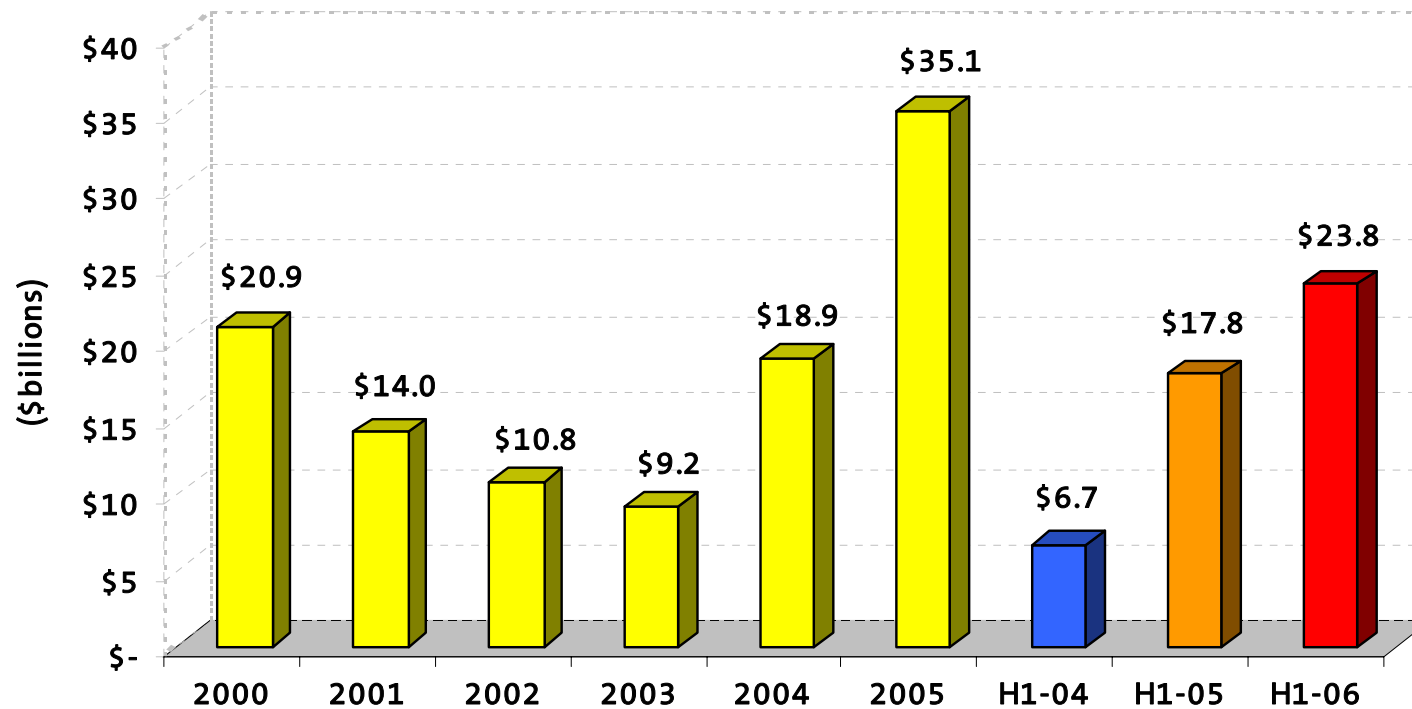
Factors Affecting Valuations

Maximizing Shareholder Valuation

## OVERALL B2B MEDIA M&A TRANSACTION VALUE

*In 2005, Overall B2B Media M&A rose 85.7% over 2004 and 67.9% over 2000; H1-2006 is up 33.7% over 2005 levels*

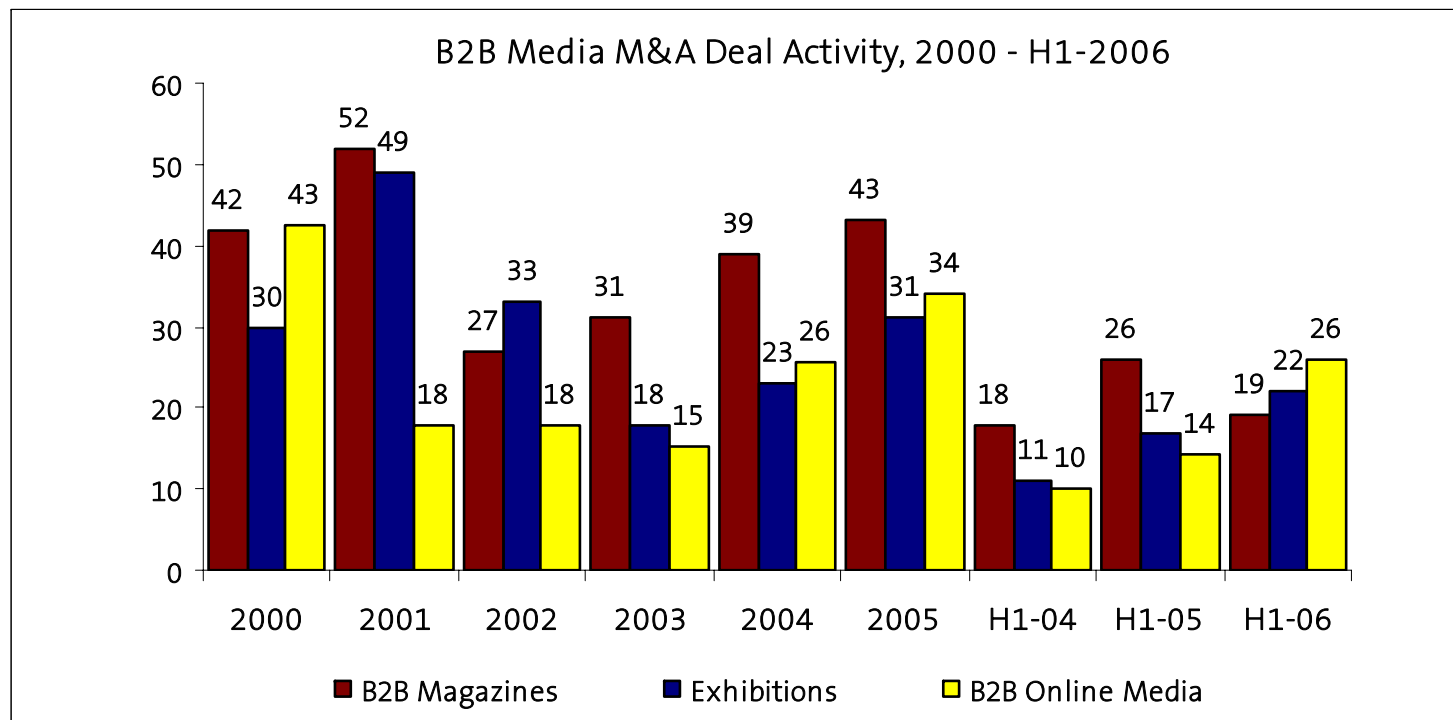
B2B Media M&A Transaction Value, 2000 - H1-2006



**Notes:** Media Sectors tracked: B2B Magazines; Database Information Services; Directories; Exhibitions & Conferences; Marketing & Interactive Services; Newsletters; and Online Media. 2002 excludes The Carlyle Group's \$7 billion acquisition of QwestDex.

**Source:** The Jordan, Edmiston Group, Inc. Transaction Database

*The number of B2B media deals across Magazine, Exhibition and Online properties rebounded in 2004 and increased again strongly in 2005; Exhibition and Online deals are set to surpass 2005 levels in 2006*



Source: The Jordan, Edmiston Group, Inc. Transaction Database

- Major strategic companies pursuing growth through acquisition
  - Strong corporate balance sheets
  - Need to supplement organic growth
- Large investable cash positions by private equity firms
- Available bank financing at attractive lending multiples
  - Still historically low interest rates and Federal Reserve has indicated that interest rate increases may be coming to an end
- Strong US economy, and the outlook is promising
  - Low unemployment; GDP expected to grow 3-4% in 2006
- Growth of online media and interactive marketing

## Debt market is healthy, helping to drive M&A activity

### ➤ Senior Debt

- Multiples remain strong at 4.0x – 6.0x+
- Competition for new business remains fierce
  - New entrants into the market have kept pricing highly competitive
  - Staple financing becoming more common

### ➤ Mezzanine Debt

- A flood of mezzanine debt entered the market in 2004-2005 from private equity funds
- Adds 1.0x – 2.0x to the debt facility
- Hedge funds are increasingly providing “stretch” capital

### ➤ Outlook

- The debt market should remain strong through 2006, with interest rate increases abating

## SELECT RECENT EXHIBITION TRANSACTIONS

Date	Buyer (Parent)	Seller (Parent)	Property
Jun-06	ALM Properties	<b>Strategic Research Institute</b>	Produces 130+ conferences annually for C-level executives and professionals.
Jun-06	dmg world media (Daily Mail & General Trust)	Abu Dhabi National Exhibition Centre	The assets of the Abu Dhabi International Petroleum Exhibition and Conference.
Jun-06	dmg world media (Daily Mail & General Trust)	<b>Evanta</b>	Produces leadership conferences for CIOs of Fortune 1000 companies.
May-06	Reed Exhibitions	Contemporary Forums	A producer of medical education events for healthcare professionals.
May-06	Canon Communications (Apprise Media)	<b>Reed Elsevier</b>	Eight exhibitions serving the manufacturing and industrial sector.
May-06	National Underwriter (Highline Media)	Conference Group	An executive-level conference organizer for the insurance industry.
Mar-06	Wicks Business Information (Wicks Group of Companies)	Executive Enterprise Institute	A conference and seminar producer serving the compliance and regulatory markets.
Mar-06	<b>Active Interest Media (Wind Point Partners)</b>	Yachting Promotions	Event producer for the consumer boat show market, including the Fort Lauderdale Boat Show.
Jan-06	Newcom Business Media	dmg world media (Daily Mail & General Trust)	ExpoCam and CamExpo trucking industry trade shows.
Jan-06	LRP Publications	Outsourcing Today LLC and Unicomm LLC	HRO World Conference & Expo, a human resource outsourcing event.
Jan-06	CMP Media (United Business Media)	<b>Shorecliff Communications (Landmark Communications)</b>	Event organizer for the new technologies, such as radio frequency identification and IPTV.

**Source:** The Jordan, Edmiston Group, Inc. Transaction Database

**Note:** Companies represented by JEGI are highlighted in bold red.

## SELECT RECENT EXHIBITION TRANSACTIONS

Date	Buyer (Parent)	Seller (Parent)	Property
Jan-06	Ascend Media (JP Morgan Partners)	Eaton Hall Exhibitions	Food Safety Summit, a leading trade show on food safety, quality and security.
Jan-06	Economist Group	EuroFinance Conference	Global cash and treasury management events for senior finance professionals.
Dec-05	AGI Events (Affinity Group)	Royal Productions	Producer of 12 consumer shows in the boat, RV, camping and home and garden sectors.
Dec-05	American Beverage Association	Reed Exhibitions (Reed Elsevier)	InterBev, the industry trade show for the beverage market.
Nov-05	CMP Media (United Business Media)	<b>Black Hat</b>	Organizer of conferences for the information security industry in the U.S., Europe and Asia.
Nov-05	dmg world media (Daily Mail & General Trust)	Expression of Culture	Producer of Chicago and New York expositions of sculpture objects and functional art.
Oct-05	Diversified Business Communications	Gainshare Media	Super Floral Show, a leading floral industry event, and Administrative Professionals Conference.
Sep-05	dmg world media (Daily Mail & General Trust)	<b>iMedia Communications</b>	Producer of conferences for the interactive marketing community.
Sep-05	Wachovia Capital Partners	Champion Exposition Services	Exposition and tradeshow contracting services.
Sep-05	Wachovia Capital Partners	<b>George E. Fern Company</b>	Exposition and tradeshow contracting services.
Sep-05	Advanstar Communications (Credit Suisse PE)	Peterson Events	Off Road Expo, a consumer show featuring off-road products.

**Source:** The Jordan, Edmiston Group, Inc. Transaction Database

**Note:** Companies represented by JEGI are highlighted in bold red.

## SELECT RECENT EXHIBITION TRANSACTIONS

Date	Buyer (Parent)	Seller (Parent)	Property
Aug-05	CMP Media (United Business Media)	<b>SOCMA</b>	Informex, the leading tradeshow for the specialty-batch and custom chemical industry.
Aug-05	Advanstar Communications (Credit Suisse PE)	Project Trade Show Group	Producer of a series of events for the premium contemporary sector of the fashion market.
Aug-05	Pennwell	<b>Paperloop</b>	CMM International, a premier converting and package printing event.
Aug-05	Advanstar Communications (Credit Suisse PE)	POOL	A boutique lifestyle show that showcases fashion-forward designers.
Jul-05	Incisive Media	<b>JupiterMedia Corporation</b>	Search Engine Strategy (SES) tradeshows and ClickZ.com Network of Web sites.
Jun-05	New Hope Natural Media (Penton Media)	Shows International	Kosher World Conference & Expo, a retail-based event serving the booming kosher market.
Jun-05	T&F Informa	IIR Holdings	Organizer of 1,400 conferences a year and provides training.
Apr-05	Primedia	VNU Expositions (VNU)	Auto Interiors Exposition & Conference for the auto interior components market.
Feb-05	CMP Asia (United Business Media)	<b>Paperloop</b>	Tissue World exhibitions and conferences for the tissue paper industry.
Jan-05	Pfingsten Publishing (Pfingsten Partners)	<b>International Investment Conferences (Isis Venture Partners)</b>	Producer of professional conferences and trade shows for the global mining industry.
Jan-05	dmg world media (Daily Mail & General Trust)	<b>JD Events</b>	AD:TECH events, a series of conferences and exhibitions for the interactive marketing industry.

**Source:** The Jordan, Edmiston Group, Inc. Transaction Database

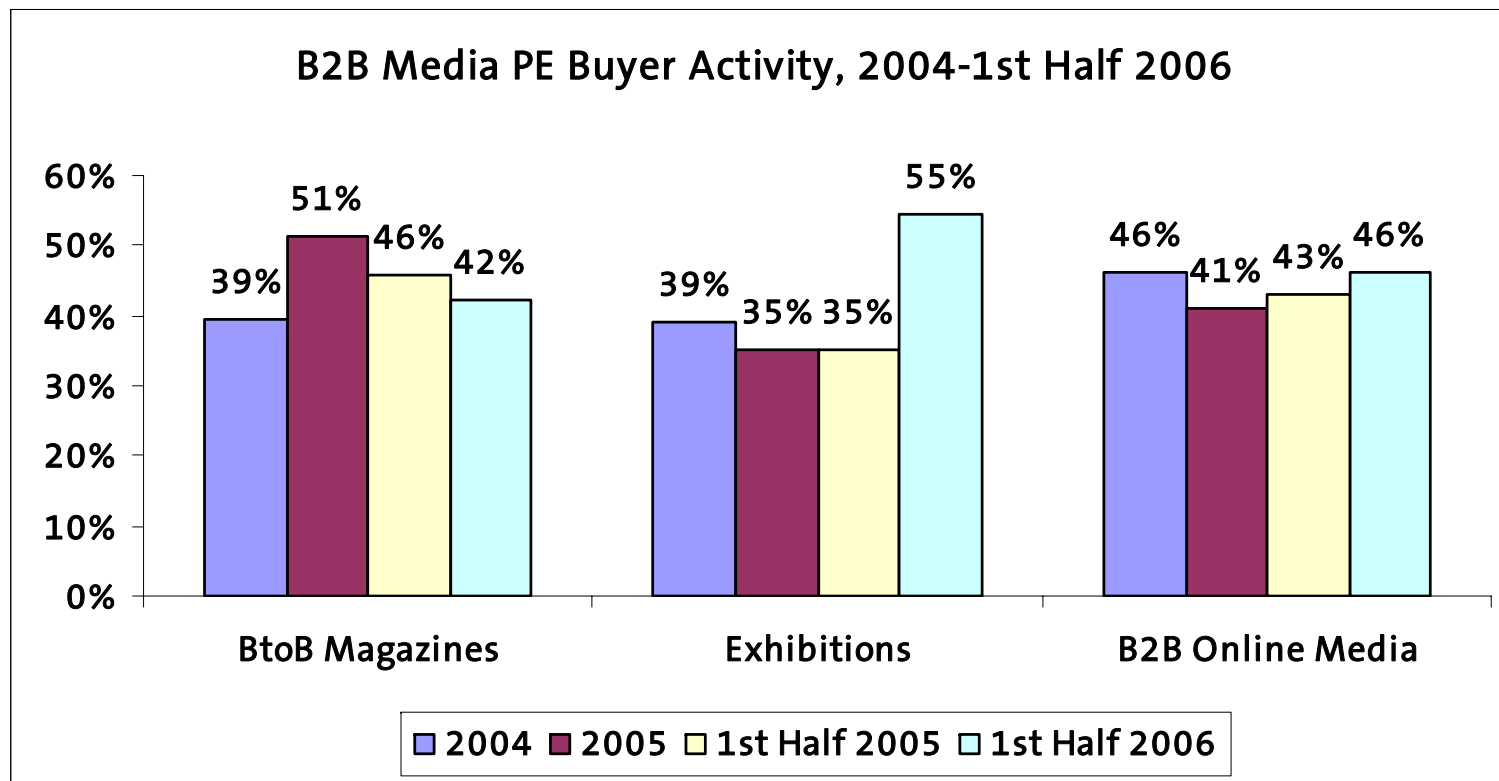
**Note:** Companies represented by JEGI are highlighted in bold red.

*Since 2003, dmg world media has been the most active acquirer of Exhibitions and Conferences; however, more recently CMP Media has surpassed dmg as the most active acquirer of these assets*

Company (Parent/PE Firm)	2003	2004	2005	H1-06	Total
dmg world media (Daily Mail & General Trust)	3	3	4	2	12
CMP Media (United Business Media)	0	0	4	3	7
Diversified Business Communications	2	0	1	1	4
Advanstar Communications (CSFB Private Equity)	0	0	3	0	3
Apprise Media/Canon (Spectrum Equity)	0	0	2	1	3
Cygnus Business Media (ABRY Partners)	2	1	0	0	3
Hanley-Wood (VS&S/JPMorgan Partners)	1	1	0	1	3
Highline/National Underwriters (Spire Capital)	1	1	0	1	3
Pfingsten Publishing (Pfingsten Partners)	0	2	1	0	3
Reed Elsevier	0	1	1	1	3
PennWell Corporation	0	0	2	0	2
<b>Total, Most Active Buyers</b>	<b>9</b>	<b>9</b>	<b>18</b>	<b>10</b>	<b>46</b>

Source: The Jordan, Edmiston Group, Inc. Transaction Database

*Private Equity (PE) firms have been very active buyers of B2B media properties over the past three years, accounting for approximately 45% of deal flow; they have become particularly active in the Exhibitions sector in the first part of 2006*



Source: The Jordan, Edmiston Group, Inc. Transaction Database

Introduction

Overview of the North American Exhibition Industry

The North American Exhibition M&A Market

Valuing Trade Show and Conference Properties

Factors Affecting Valuations

Maximizing Shareholder Valuation

- The most commonly used valuation methodologies (note: most buyers will use a mix of these methodologies to cross-check their analysis):
  - Discounted Cash Flow
  - Public Company Valuations
  - Transaction Comparables
  - Market Intelligence
  - Pay Back Period - Amount of time to recoup investment
- However, each valuation methodology will have some limitations
  - Dependent upon the quality of data input
  - Results show how much you should be willing to pay based on your own parameters
    - The Buffet approach to acquisitions
  - Final valuation does not include “soft” assets, such as strategic imperatives, which may increase importance of acquisition

- Discounted Cash Flow is the most commonly used methodology by larger strategic and private equity acquirers (and also by JEGI when evaluating potential engagements)
- Requires a rigorous discipline that ensures investors have evaluated all financial aspects of the acquisition in considerable detail
  - Operating performance
  - Working capital and other balance sheet factors
  - Capital Expenditure (CapEx)
  - Tax
- Major factors/assumptions influencing the valuation outcome
  - Financial model built from target company's projections and then modified by the buyer
    - Need to ensure that all costs are included
  - Discount rate/cost of capital
  - Terminal value after "N" years
- Sensitivity analysis – important aspect to DCF valuation method
  - Tests the sensitivity of the model's base valuation to changes in key assumptions
  - Allows "what if" scenarios

- Public company valuations have limitations:
  - They are valuations of the largest public companies and therefore are not always appropriate for smaller, privately held firms
  - There are very few publicly traded “pure” event companies, either in North America or Europe
    - Vast majority of quoted B2B Media Companies have multiple revenue streams and distribution channels
    - Tarsus is one example of a “pure” event company, but note their recent move into Online
  - Splitting out the event valuation component is challenging
- Nevertheless, public company comparables provide a benchmark for investors, even if somewhat spurious:
  - Indication of what the public market would value the target acquisition, if IPO is the exit strategy
  - Indication of what public companies might be willing to pay for acquisitions
    - Plenty of examples where public companies will pay a higher EBITDA valuation multiple than is implied by its own market valuation.



# EXHIBITION INDUSTRY SAMPLE PUBLIC COMPANY VALUATIONS

Company Name	LTM Revenue	LTM EBITDA	EBITDA %	Market Cap	Net Debt	TEV	TEV/LTM Total Rev	TEV/LTM EBITDA
Daily Mail & General Trust plc (LSE:DMGT)	3,958	643	16.3%	4,303	1,475	5,778	1.5x	9.0x
Incisive Media plc (LSE:INM)	105	28	26.1%	278	84	361	3.4x	13.1x
Penton Media Inc. (OTCBB:PTON)	194	43	21.9%	9	312	321	2.1x	9.4x
Reed Elsevier plc (LSE:REL)	4,269	854	20.0%	12,285	-	12,285	2.9x	14.4x
Tarsus Group plc (LSE:TRS)	44	12	26.9%	193	15	208	4.7x	17.4x
United Business Media plc (LSE:UBM)	1,260	277	22.0%	3,208	(452)	2,755	2.2x	10.0x

\$ Millions, except multiples and percentages

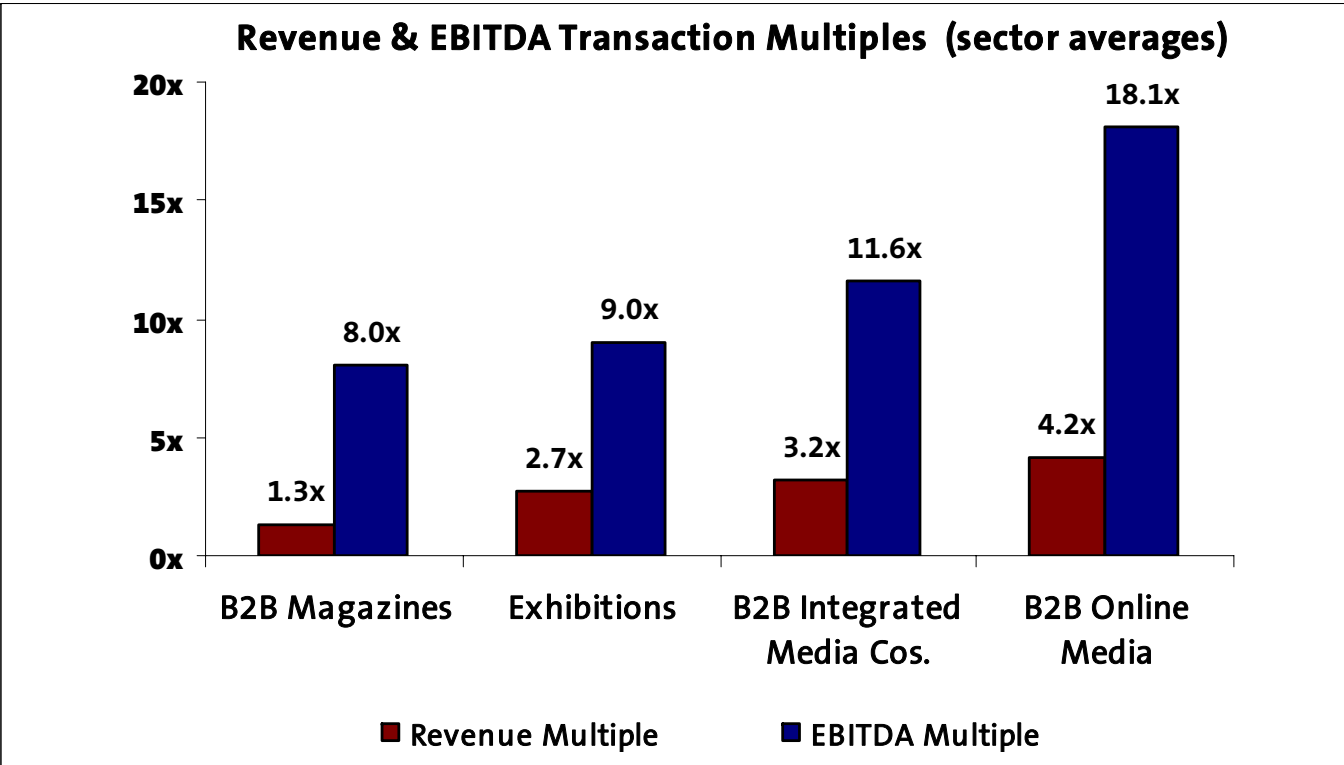
Source: Capital IQ

Note: Data as of August 8, 2006

Mean	22.2%
Median	22.0%

High	4.7x	17.4x
Mean	2.8x	12.2x
Median	2.5x	11.5x
Low	1.5x	9.0x

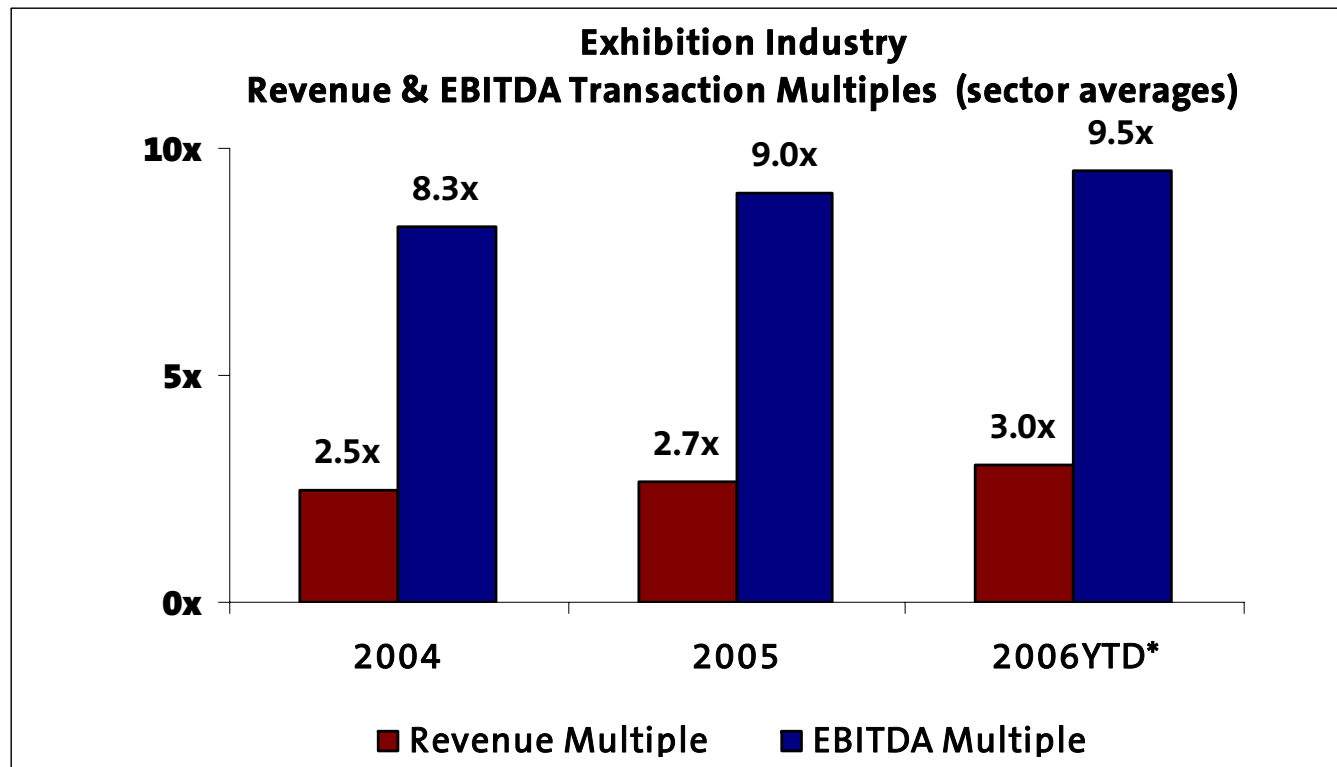
*Integrated B2B media companies (combination of magazines, information, related events and online media) and B2B online media properties are attracting high multiples*



**Note:** Multiples are based on transaction data from 2004 through 2006YTD

**Source:** The Jordan, Edmiston Group, Inc. Transaction Database

*Multiples for the Exhibition Industry have increased strongly since 2004*



**Note:** YTD is through June 30.

**Source:** The Jordan, Edmiston Group, Inc. Transaction Database

- B2B Transaction Multiples also have limitations:
  - No two businesses are identical and therefore comparable
  - No two transactions are identical and therefore comparable
  - The calculation involves dividing the “Valuation” by the “EBITDA” but there is no definitive definition as to how these two factors are calculated
  - Buyers and sellers embellish transaction multiples to suit their own purposes
  - Few transaction details are made public
    - Outsiders to a transaction have no chance of assessing the accuracy of the multiple
- Nevertheless, transaction multiples provide a useful guide, but only if they are used with care:
  - Buyers should use publicly available multiples to check that they are in the right “ball park” with their valuation
  - Sellers should use publicly available multiples to temper their own enthusiasm for stratospheric valuations



Introduction

Overview of the North American Exhibition Industry

The North American Exhibition M&A Market

Valuing Trade Show and Conference Properties

Factors Affecting Valuations

Maximizing Shareholder Valuation

- Business Characteristics
  - Single or multiple events
  - Small or large events
  - Single or multiple revenue streams
  - Nationally or regionally based
  - Frequency – annual, biennial or other
  - EBITDA margin percentage – should be > 30%
- Financial and Organizational Characteristics
  - Owned, joint ventured or management contract
  - C or S Corp – asset v. stock sale
  - Management strength
  - Facility commitments for future shows

- Overall concern is “Quality of Earnings”
  - Are earnings ongoing and sustainable?
    - Exhibitor and attendee surveys
    - Exhibitor renewal %
  - Audited v. reviewed financial statements
  - Close scrutiny of add-backs
  - Commercial due diligence – seller beware
- Valuations based primarily on “hard” revenue streams
  - Exhibit Fees
  - Attendee Fees
  - Sponsorships
  - Conference Fees
- “Soft” revenue is not valued highly
  - Barter
  - Forfeitures
  - Hotel Rebates

- Historical Financial Performance
  - Main focus will be on trends in revenue streams
  - Significant changes in cost structure - unlikely
  - Buyers will want to see data from pre-dotcom, pre-9/11
- Strong, Attainable Growth Prospects Are Essential
  - Growth from existing business
    - How realistic are your assumptions?
  - Spin-off shows and capital required
  - Acquisitions and capital required
    - Other events
    - Other B2B media assets
  - Online strategy

- Online strategy
  - Trade show industry has made some progress in the online space, but B2B magazines are further advanced
    - Magazine content orientation
- JEGI analysis of the Web sites of the TSW 200 Events revealed the following:
  - Trade shows are “brands” unto themselves
    - Limited attempt to strengthen the parent brand name
  - Web sites perceived more as functional cost centers
    - Limited effort to generate revenue from visitor traffic
  - Web sites not used to maintain contact with target audience from one show to the next
    - Missing opportunity to build brand loyalty, offer other products
- In terms of revenue growth for events, online may be the best option to pursue to propel organic growth
  - Assuming that the online skill set is available in-house

➤ Deal structure and its effect on value

- Asset v. stock
  - Strategic companies v. private equity firms
- Working capital
  - Traditional v. non-traditional working capital adjustment mechanism
  - Timing of sale can also impact cash proceeds to seller
- Other deal terms with a financial impact
  - Caps
  - Baskets
  - Escrows
  - Non-competes
- Financial incentives to managers
  - Important that key managers stay with the business through the deal process – and beyond?

Introduction

Overview of the North American Exhibition Industry

The North American Exhibition M&A Market

Valuing Trade Show and Conference Properties

Factors Affecting Valuations

Maximizing Shareholder Valuation

- Time spent “preparing” the business for sale will reap dividends
- Being clear on the seller’s objectives is essential
  - Why are you selling and why now? Is this the ideal timing?
  - What are your plans post-closing? Retire, continue with the business, etc.?
  - What tax planning have you done?
  - What are your intentions for your key employees?
- Understanding the buyer pool is key to positioning the business for sale
  - Why are buyers interested in this business?
  - Is this a strategic or tactical acquisition?
  - What are implications for buyers if they do not win the acquisition?
  - What else is the buyer acquiring beyond revenue and EBITDA?
    - Management team
    - Association relationships
- To what extent and when do you tell your employees about sale?

### ➤ Financial Statements

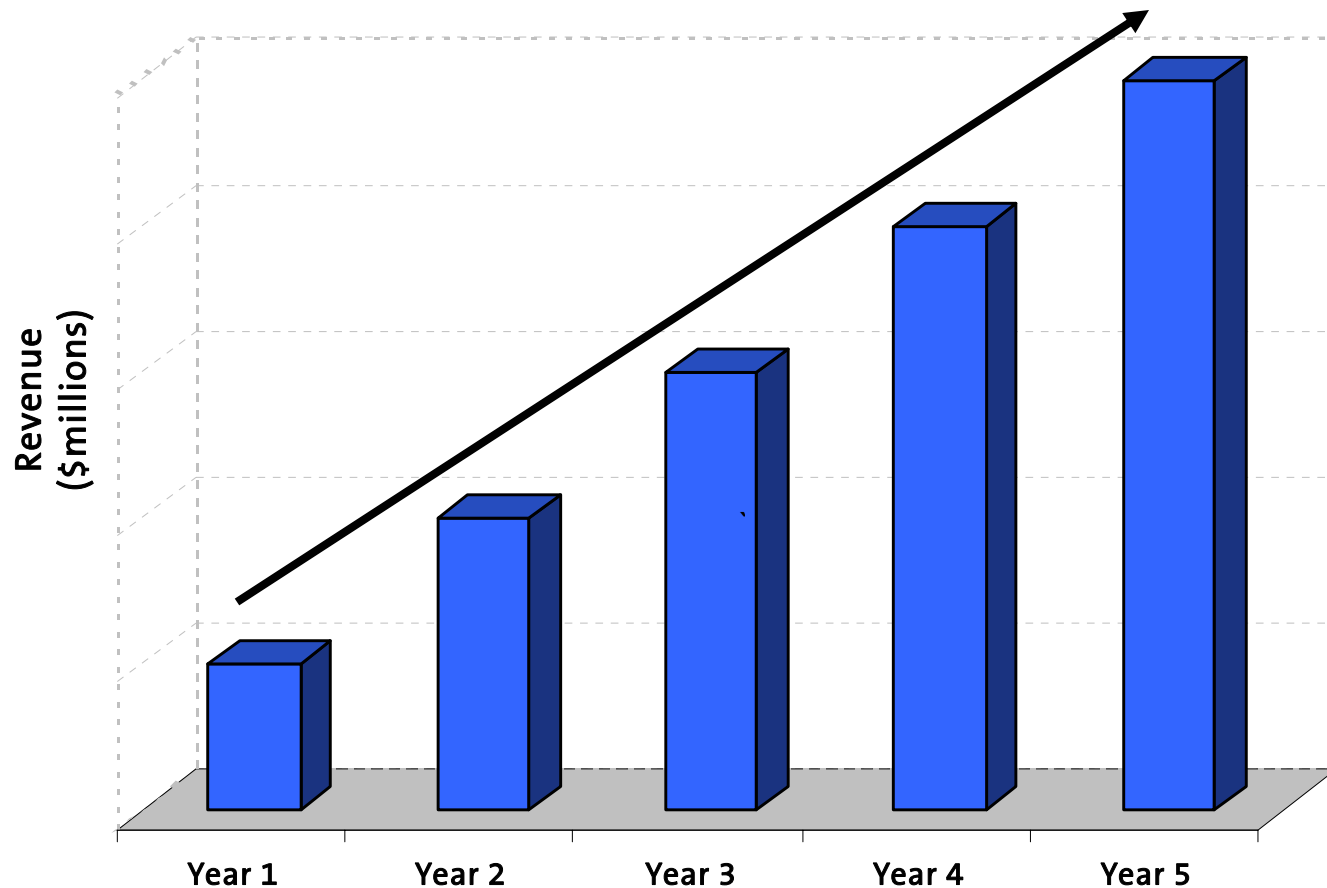
- Depending on the size of your business, you may need to provide audited financial statements for the prior two to three years
- Selling one or more trade shows from a larger portfolio can pose challenges for buyers in determining the shows' appropriate cost structure
- There is broad agreement among most trade show owners on the application of GAAP for their financial statements
  - Still, there can be considerable differences in the way detailed financials are presented
  - Therefore, sellers need to be careful when discussing certain financial metrics, such as Contribution and EBITDA

### ➤ Forecasts

- Buyers will want to see current full-year estimates and at least a two-year forecast
  - Exhibitor renewal % is key, particularly for core exhibitors
  - Pacing reports compared to the same time-frame the prior year
  - Cash collections are strong indicators of commitment by exhibitors
  - Very difficult to forecast attendee numbers pre-show
  - Sponsors quite often do not sign up until shortly before the show

- Advisors should earn their fees
  - It is important to hire a strong legal advisor who understands the dynamics of trade show transactions
  - An experienced M&A advisor will run the transaction, contact key industry decision-makers and help alleviate the burden of the process
- Conduct due diligence on your own business before you go to market
  - Identify issues and deal breakers
- Make sure that all contracts are signed and are transferable
  - Depending on whether the transaction is for stock or assets, could determine the value of certain contracts
  - Permissions/Approvals/Releases can delay the sale process, so plan ahead
    - Office leases
    - Facility contracts
- It is essential that all tax returns have been filed, and there are no issues with tax authorities
  - Tax issues can cause severe problems when selling your business
- Ensure that operating systems are fully functional and up to task
- It is very important that the business stays on track during the process
  - Nothing derails a transaction process faster than missed forecasts

# GROWTH! GROWTH! GROWTH!





SINCE 1987

# VALUING TRADE SHOW & CONFERENCE BRANDS

## SISO Executive Conference

*Richard Mead, Managing Director  
Adam Gross, Vice President  
The Jordan, Edmiston Group, Inc.*

*August 15, 2006*