

Ray of light

Vikki Carley talks to Steve Monnington, managing director of acquisition specialists Mayfield Media Strategies, about trends in the events sector.

What is the current state of the UK mergers and acquisitions market for the exhibition sector?

Even though the UK economy is going through a difficult phase this year, we seem to be in a golden period for acquisitions. This year looks like being one of the busiest ever for sales of exhibition businesses, from EMAP and Clarion through to stand alone shows. Certainly we are handling more acquisition projects than ever before, with a significant number of UK organisers among them.

Given recent problems caused by the credit crunch can this trend continue?

This is hard to predict. Inevitably, the current conditions are bound to have an effect on the profitability of exhibitions in the longer term, but the reasons for sale are many and varied. All businesses we come across are showing strong continued growth and, for these shows, there will always be interested buyers.

What is interesting at the moment is that the exhibitions we are handling for sale are extremely varied in their subject matter. Trade exhibitions, consumer exhibitions and live events are all represented and there are an increasing number of buyers around. The number of enquiries we receive from potential sellers is also on the increase, so in all respects merger and acquisition activity isn't currently following the economy.

Does this volume of transactions signal the end of the entrepreneur and the beginning of an exhibition industry owned by corporates and financial institutions?

I think the opposite is true, as a vibrant market like this encourages entrepreneurs as they see an achievable exit route. The desire to run their own shows is very strong in a number of people and once they do it for themselves, and see the capital growth they can achieve as a result, it's unusual for these entrepreneurs to rejoin corporate. There is continual innovation and many people sell a show to enable them to concentrate on their next launch.



Steve Monnington

The entrepreneur is willing to take risks using his instinct and to launch shows that probably wouldn't make it through the launch proposal process that larger organisers use to weed out riskier launch projects. Having

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said that, the large organisers seem happy to acquire a fully-formed profitable event from the entrepreneur. I guess this is an informal system of hot-housing.

Is there anything left to buy?

You would think that the deal flow would inevitably come to an end but there is no sign of this. We all know that there is a diminishing

number of medium-size independents, Brintex, Mack Brooks, William Reed etc, but there is also a proliferating number of smaller organisers with one or two shows.

Does the credit crunch mean that private equity deals for the acquisition of major companies is a thing of the past?

The money will always be available for the right scaleable businesses with good critical mass and this year we have seen the sale of both EMAP and Clarion with institutional involvement.

However, it is clear that there are a number of highly leveraged exhibition businesses, especially in the USA, which are owned by private equity and which are suffering in the current economic climate and have had to impose staff hiring embargoes, redundancy programmes and pay freezes. Although this is as much to do with the problems caused by declining revenues from print products as the state of the financial markets, it's also a



"The money will always be available for the right scaleable businesses with good critical mass." – Monnington

reminder that in a downturn, businesses with a large amount of debt will inevitably come under financial pressure.

The growth requirements of the owners of these businesses means that, in the current environment, there is cost cutting rather than investment and this creates competitive opportunities for smaller organisers who are freer to act on expansion strategies.

What is the most material change you have seen in the exhibition mergers and acquisitions market over the last 20 years?

It's more about the major evolutions. Twenty years ago, the idea that an exhibition organiser had something of value that could be sold was only just becoming realised.

Between 1988 and 1995 there was an intense period of acquisition activity when small public companies such as the Blenheim Group showed how an acquisition roll up could create a massive increase in market value. Such exercises are virtually impossible to emulate on this scale again as this would require a continually rising stock market and a greater degree of private ownership of exhibitions than exists.

The second major development was the entry of the financial players. Nielsen, Penton, Advanstar, EMAP, Incisive Media and Clarion have all attracted financial owners. Clarion has adopted Blenheim's buy and build strategy albeit primarily in the UK – acquiring

individual shows at relatively low multiples and selling the overall business at a much higher one. I'm sure that with the involvement of Veronis Suhler Stevenson we will see them moving into new geographic markets.

What about the acquisition possibilities for the live events sector?

This is the latest major development, small so far but significant. The investment in Brand Events by Ingeneous Media and the subsequent roll out of their live event formats internationally will be seen in a few years as the next material change for merger and acquisition activity. The increasing involvement of the TV companies in the events business is also a significant trend.

Just as TV production businesses are now bought and sold, so live events companies will follow. This is still a very fragmented market and, as investors realise that growth through international replication is possible, I'm sure we will start to see consolidation in this part of the sector through acquisition.

Are the buyers of exhibitions still 'the usual suspects'?

Certainly companies such as Reed, CMP, Clarion and DMG continue to acquire strategic businesses and are investing in new markets, and new major players such as GL Events have emerged over the last couple of years. However there are a lot of other buyers around at the moment, from organisers such

as Upper Street Events, who made their first significant acquisition earlier this year, to groups of individuals backed by outside finance, who I expect to burst onto the scene very shortly.

For every member of 'the usual suspects' who look at businesses we are selling, there are two or three other interested potential buyers with the necessary finance. This is definitely adding to the current buoyancy in the mergers and acquisitions market.

What show could you sell by this time tomorrow if it existed?

The most competitive deal we have been involved in recently was the sale of the World Future Energy Summit in Abu Dhabi with aggressive bidding from four of the large organisers, and this for an event that has only run once. The renewable energy, environmental technology and waste management sectors are clearly very hot topics as they are at the heart of our future.

What's your current advice for someone who wants to sell?

We are holding a seminar during The Exhibiting Show in June this year, which will explain to independent organisers how to prepare their business for sale. One important issue that will be covered is that the key to a successful sale is not just about having an event that "hits the sweet-spot". It's also about preparation, timing and a number of other important factors.

What is clear is that a number of smaller organisers have realised that the market conditions are currently right for selling their shows and are taking advantage of it.

How to sell your show – a workshop for entrepreneurial organisers Exhibiting Show , Thursday 26 June Earls Court 2

The "5 P's" of selling an exhibition or company:

Steve Monnington

Live advice from exhibition industry expert lawyers Clintons and accountants Pentagon.

Tea, coffee and networking lunch.

This workshop is free to attend for principals of independent exhibition organisers.

Places are extremely limited.

To request a place, go to

www.exhibitingshow.com/mayfield