



## The Dealmaker

Steve Monnington of Mayfield Media Strategies runs the rule over the latest global exhibition deals

The big news this month was the proposed privatisation and acquisition of Tarsus by Charterhouse Capital Partners demonstrating the ever-increasing power of private equity money in the exhibition sector. Tarsus Group was founded by Neville Buch in 1998 following the sale of Blenheim to United News & Media (UBM). The bid, which came at a premium of 36 per cent to the share price and values the company at £668m including the taking over of the debt, represents a multiple of 17x average 2017 & 2018 EBITDA (averaged because Tarsus has several biennial shows). Because Tarsus is a publicly traded stock, it can't reflect the valuation as a multiple of more current profits but I would estimate that this is likely to be around 14.5x average 2018 & 2019 EBITDA which puts in more in line with some of the other recent large deals we've seen.

Charterhouse has experience of the sector from its stake in Comexposium and it hasn't wasted any time in re-investing, having sold its Comexposium stake in March this year to Credit Agricole Insurance. If other PE deals are anything to go by, Tarsus will become more acquisitive and will have the

capital to make larger purchases. The Tarsus transaction is likely to complete in the third quarter of 2019. It is theoretically possible that a counterbidder could come in with a higher price, but this is unlikely as shareholders representing more than 40 per cent of the shares, including some of the largest institutional shareholders, have signed irrevocable undertakings to vote in favour of the sale to Charterhouse.

UK organiser Immediate Media has followed up its acquisition of Upper Street Events earlier this year by acquiring a majority stake in River Street Events, organiser of consumer food and gardening events including the BBC Good Food shows and BBC Gardeners World Live. River Street started life in August 2013 as a management buyout of the BBC brands from Haymarket Exhibitions. MD Laura Biggs, who will stay with Immediate through 2020, was backed in the original MBO by a number of industry figures such as Richard Hease, Keith Harris and Paul Michael.

To Germany where MCH, the swiss-based organiser of the leading art fair series Art Basel, is selling its 25.1 per cent in Cologne-based art.fair International, organiser of Art

Dusseldorf. The buyers are serial art fair investors Sandy Angus and Tim Etchells who have made the acquisition through Angus Montgomery and TFI Ltd. Angus also acquired a further 15 per cent from Art Dusseldorf's majority owners Walter Gehlen and Andreas Lohaus. MCH has made a decision to concentrate on its global Art Basel brand and sell its investments in regional shows.

In the USA, Naylor Association Solutions, provider of software and event services to trade organisers and associations, has acquired TechMedia, organiser of 20 conferences across the US and Canada. The Digital Summit series covers all forms of digital marketing along with Search Engine Optimisation and UX design. Naylor is yet another private equity-owned business in the events space, having been acquired by RLJ Equity in 2013.

Another company acquiring conferences in order to aid the growth of its existing non-events business is Second Street Media Solutions, a US company which provides audience engagement software to media companies. It has acquired Niche Media, organiser of the Super Niche conference, which covers creative business strategies for niche publisher as well as smaller CEO summits aimed at B2B and consumer magazine publishers.

Finally, we have the first cannabis show acquisition with Leafbuyer Technologies, the digital information service and market place for cannabis users, acquiring the Las Vegas exhibition CBD, which itself has partnered with VAPEXPO. There are plans to expand the show into Europe and Asia in 2020.

# Navigating the world of M&A

*EN* reflects on a recent M&A seminar by Mayfield Merger Strategies, and learns about a new initiative for independent organisers

**I**ndependent organisers are increasingly becoming an industry focus, whether that's through recognition at the EN Indy Awards or interest from acquisitive organisers. On 4 June Mayfield Merger Strategies held its first M&A seminar, in partnership with Mash Media, for independent organisers, providing practical advice about the road to selling.

The seminar featured presentations from law firm Lee & Thompson, strategic consultancy Plural Strategy and Mayfield Media Strategies along with a panel discussion featuring Clarion Events and Phoenix Equity.

What quickly became clear over the course of the afternoon was that preparation is everything, and it's never too soon to start planning for the sale of a business. Jonny Baynes of Plural Strategy covered the basics of the commercial due diligence that is carried out on a potential acquisition, revealing that around 40 per cent of sales fail at the commercial due diligence stage, often for very avoidable reasons such as lack of information provided by the company being acquired. Providing an objective, truthful and accurate information memorandum can help prevent issues at the off, making the due diligence confirmatory rather than investigatory.

Another important point that came out of the discussion was the importance of selling at the right time. While a one or two-year old business can certainly benefit from looking ahead to a sale, it may well be too early in its cycle to attract interest from buyers. Events need several cycles to provide proof of concept and continued profit and growth, and owners also need enough lead time to prepare their business for a sale.

Arguably most important of all was enlisting the help of certain key figures to help with the sale process, namely an accountant, a specialist lawyer and a broker. Especially important is checking with your accountant that revenue and direct costs for future events are deferred, otherwise corporation tax is advanced for a year and renders the year-on-year growth analysis for a business meaningless.

"The seminar was extremely useful, and it felt like the content was really positioned for us at our current stage," says Jamie Wilkinson, director at publisher and organiser Eljays44. "It was comforting to see we are already doing certain things right but also to see what we need to be tracking such as certain KPIs etc."



## The Event Growth Academy

Following the seminar, *EN* met with Steve Monnington, co-owner of Mayfield Merger Strategies, to discuss the launch of the 'Event Growth Academy', a new initiative designed to support independent event organisers of all kinds prepare for sale.

"There are lots of areas of expertise that they need," Monnington tells *EN*. "We decided that, rather than just wait until a company is ready for sale, we would work with them from the start through to sale and we would make sure to use all our contacts to give them the expertise they need to grow their business."

The academy will help organisers with elements such as the structure of the business, relations with shareholders and exhibition pricing.

"In some cases, we're joining the board and we're investing money for equity," continues Monnington. "In other cases, we're charging a quarterly fee to be available to talk things through and be on call. It depends on the circumstances of the company but the one thing they will have in common is that they will be properly represented by us when they go to market."