



# Event M&A and Valuations

Three Things We Learned Since SISO 2015...  
And Two to Come...



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## 2015/16 – PROGRESS IN A CHALLENGING ECONOMIC YEAR

### THREE LEARNINGS

1. **Valuations** Remain Strong
2. **Global Consolidation** in B2B Events Sector is Slower Than in Other Service Sectors
3. **Debt/Risk Appetite** Differs Between Strategic and Private Equity Investors

### THE PLAYERS

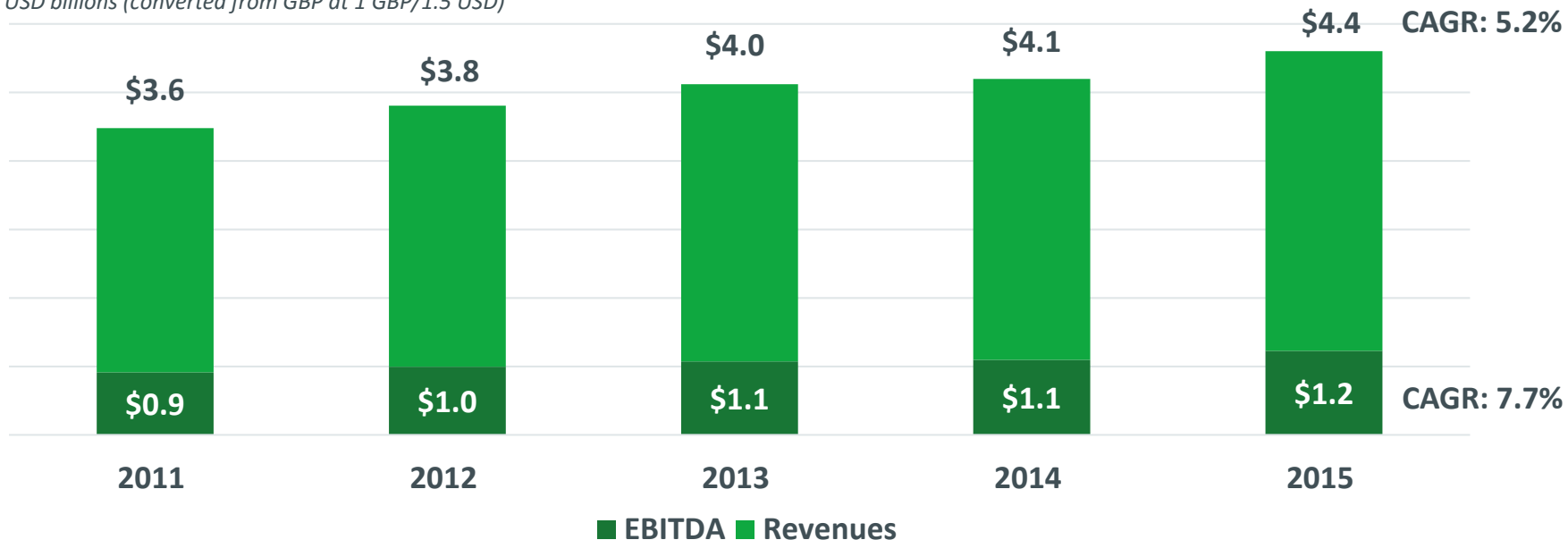
- **Public Companies** – The Current Flag Carriers
- **Private Equity Platforms** – The Movers and Shakers

# 1. VALUATIONS

## REVENUE AND EBITDA OF PUBLIC COMPANIES

Includes Organic, Launches, Acquisitions, Divestitures, Currency and Biennial Impact

*In USD billions (converted from GBP at 1 GBP/1.5 USD)*



Rev Growth %		6.9%	6.2%	1.3%	6.7%
EBITDA Growth %		9.0%	7.7%	2.1%	12.1%
EBITDA Margin %	25.6%	26.1%	26.5%	26.7%	28.1%

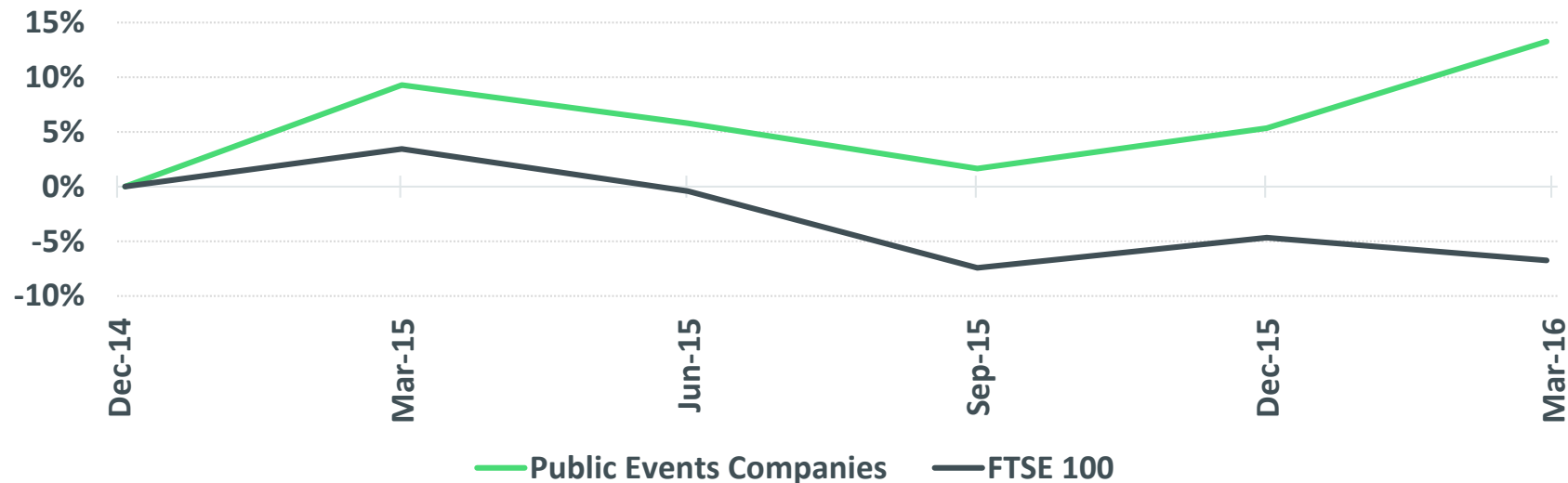
Note: B2B Events components of public companies used in this analysis:

Ascential; DMGT; Euromoney; GL Events; Informa; ITE; MCH Events; RELX; Tarsus; and UBM

## 1. VALUATIONS

### SHARE PRICES OUTPERFORMED THE FTSE 100 THROUGH Q1 2016

% Change in Quarterly Stock Price of Public Events Companies  
(1/2/2015 through 3/29/2016)



Source: London Stock Exchange

Note: Public companies include: DMGT; Informa; ITE; RELX; Tarsus; and UBM

## DOUBLE-DIGIT EBITDA MULTIPLES ARE THE NORM

	Revenue Multiple	EBITDA Multiple
Average Public Company Enterprise Valuations	3.7x	13.0x
Average Top Five M&A Transaction Comps	3.3x	11.2x

- B2B Events Public Company Enterprise Valuations reflect size and growth prospects
- Consistent double-digit EBITDA multiples for larger M&A transactions
- The financial models used by investors to support these valuations include:
  - Historical and projected EBITDA growth rates
  - Current availability and cost of capital
  - Future cash flow for debt service
- Acquisitions will supplement organic growth and new event launches to drive faster EBITDA growth rates in the future, supporting double-digit EBITDA valuations

Note: Public companies include: DMGT; Informa; ITE; RELX; Tarsus; and UBM. Data as of 3/29/16.

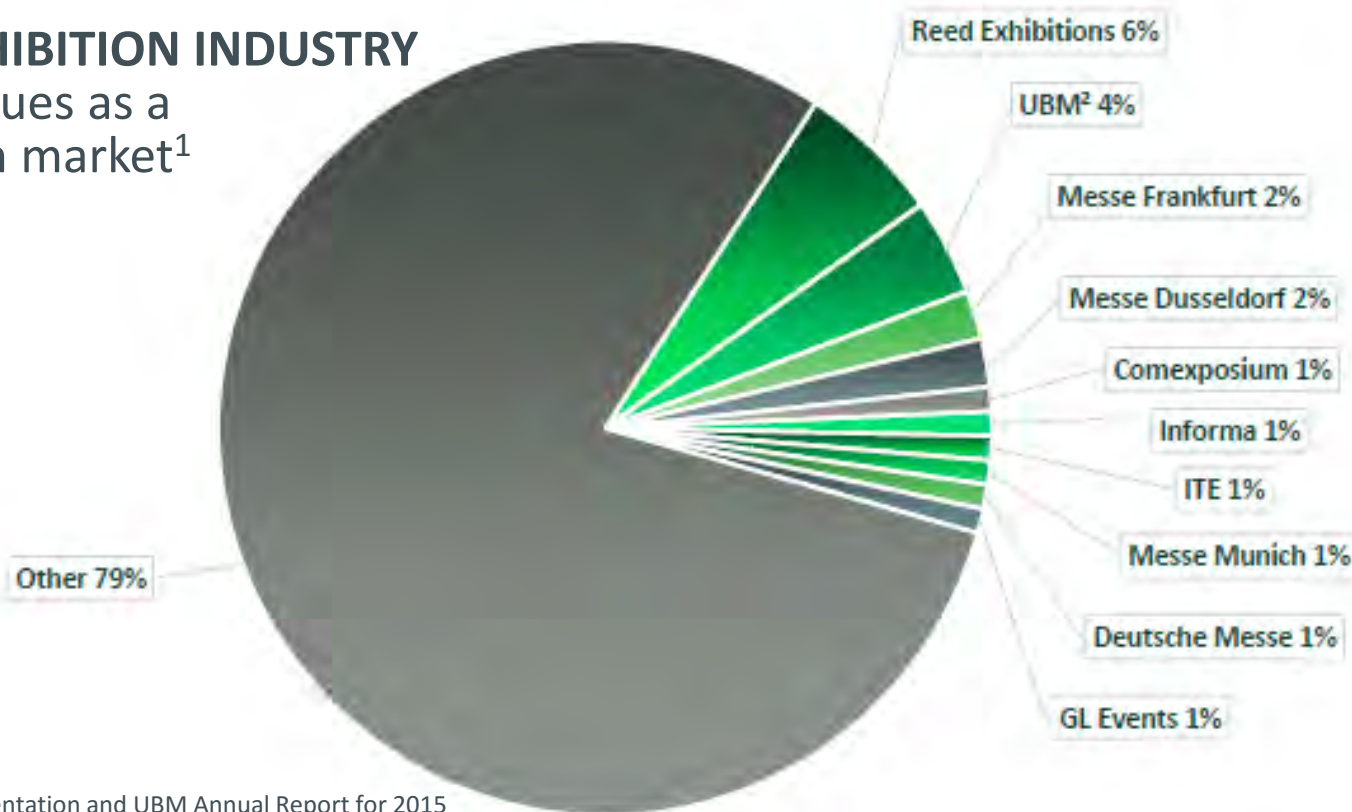
Public Company Data Source: S&P Capital IQ and Public Company Filings

M&A Transaction Data Source: JEGI Transaction Database

## 2. GLOBAL CONSOLIDATION

### THE GLOBAL EXHIBITION INDUSTRY

Organizing revenues as a % of \$24.2 billion market<sup>1</sup>



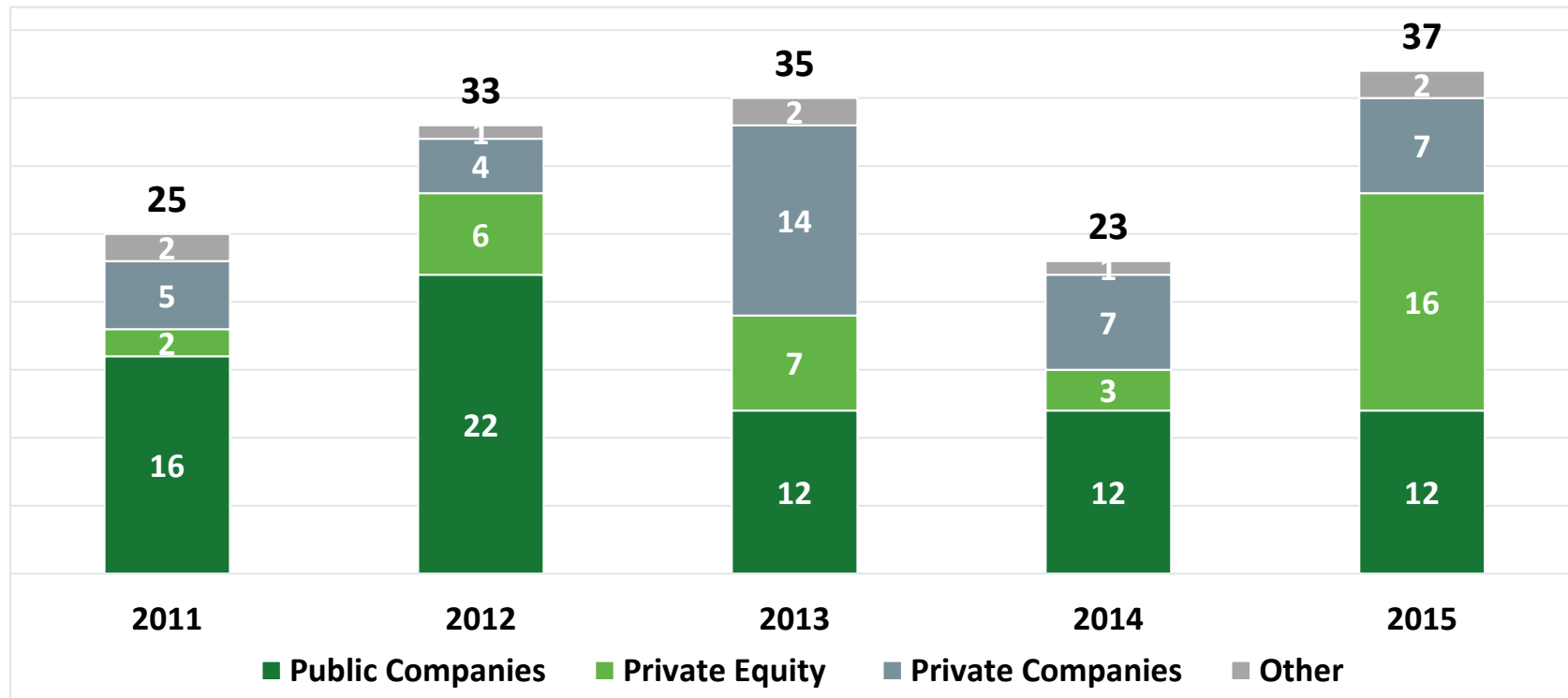
Sources: UBM 2015 Full Year Results Presentation and UBM Annual Report for 2015

<sup>1</sup> Portion of market analyzed by AMR International for 2014. Includes: US; Emerging Markets; Continental Europe; and UK. Excludes: Rest of World, estimated at \$4.8B.

<sup>2</sup> Pro forma for Advanstar revenues.

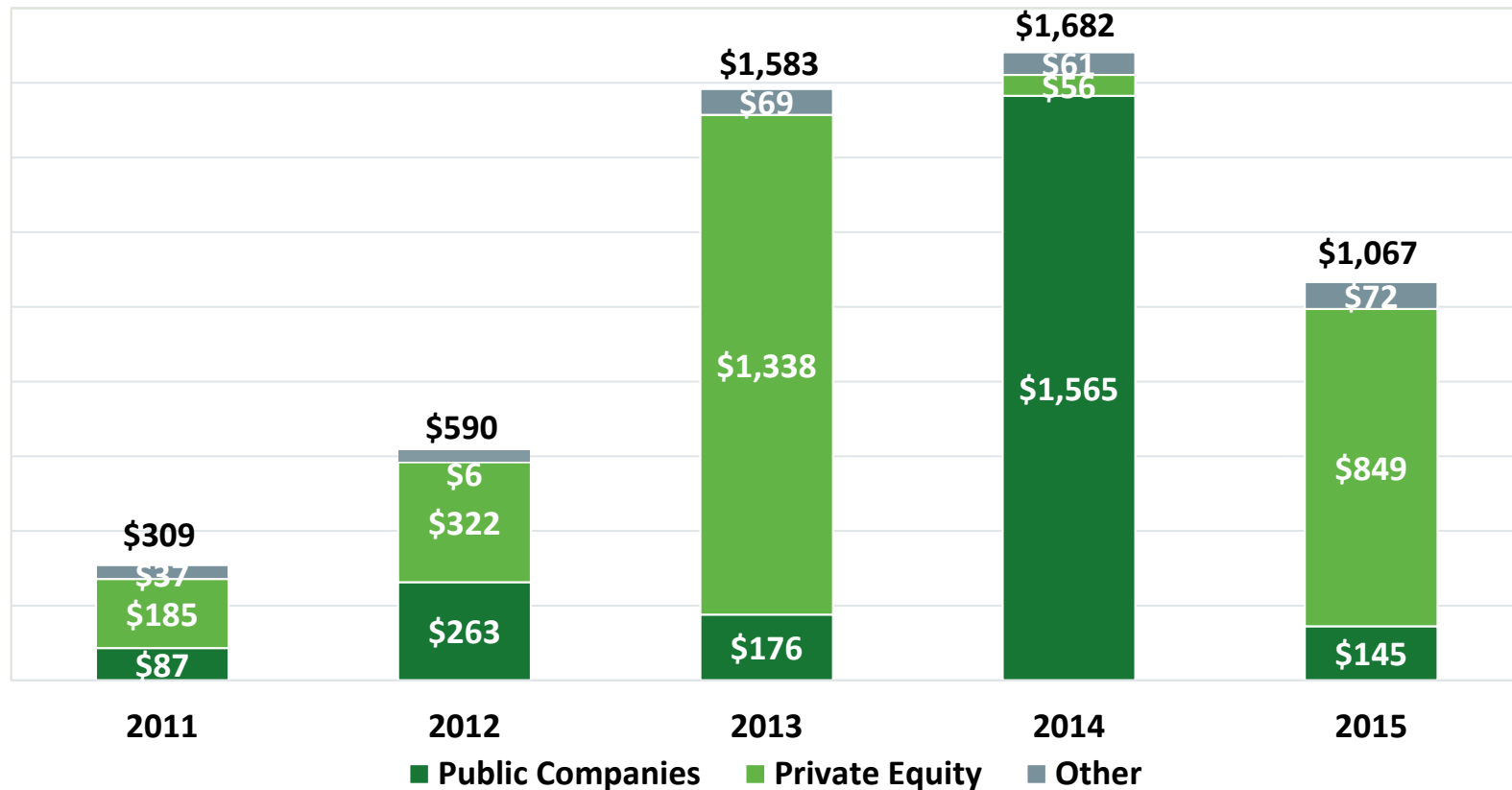
## 2. GLOBAL CONSOLIDATION

### EVENTS COMPANIES M&A – BY NUMBER



## 2. GLOBAL CONSOLIDATION

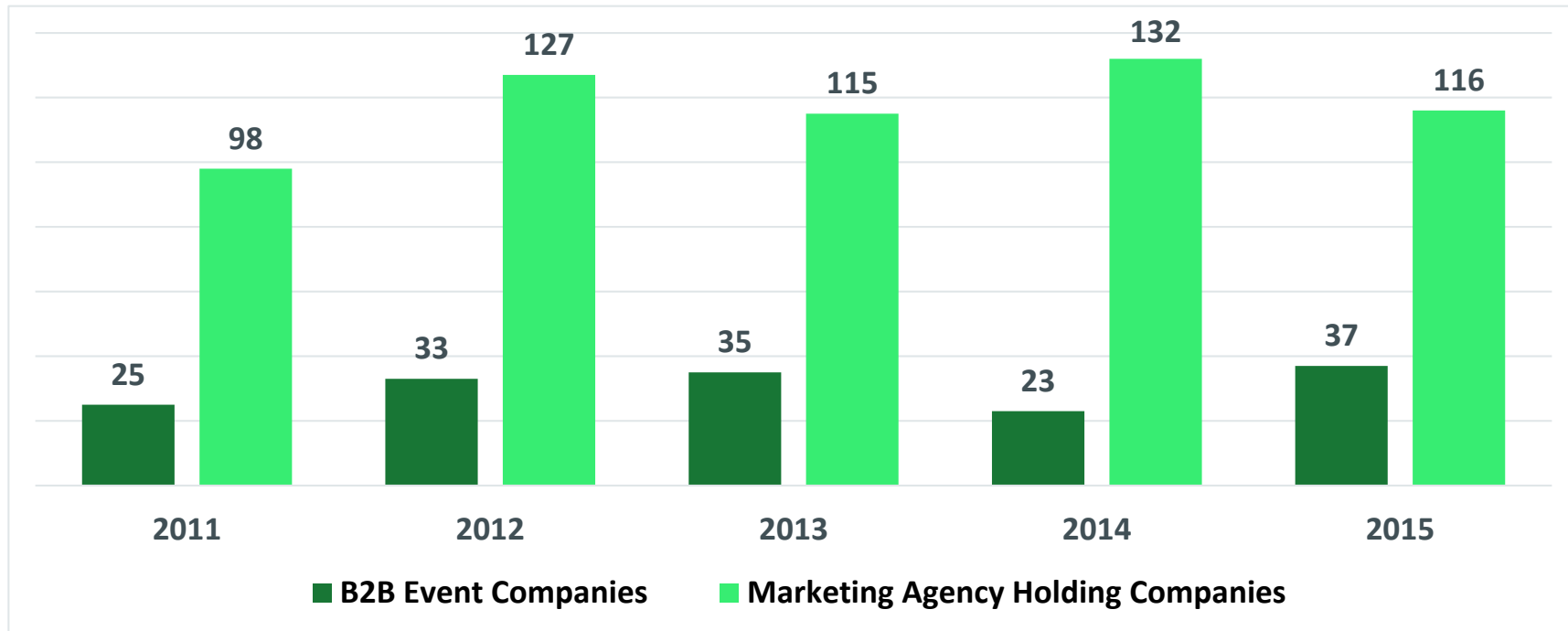
### EVENTS COMPANIES M&A – BY VALUE (\$USD millions)





## 2. GLOBAL CONSOLIDATION

### CONSOLIDATION IN THE B2B EVENT INDUSTRY VS. TOP MARKETING AGENCY HOLDING COMPANIES (2011 – 2015)



Note: Marketing agency holding companies used in this analysis:  
Dentsu; Havas; IPG; Omnicom; Publicis; and WPP

## 2. GLOBAL CONSOLIDATION

### FIVE NOTABLE EVENTS TRANSACTIONS 2015 – 2016

**Clarion sold to Providence  
(Jan 2015)**

- Second foray into the events world for Providence
- Clarion now in acquisition mode – Urban in the US

**Charterhouse acquires  
control of Comexposium  
(Sept 2015)**

- Charterhouse replaced Unibail and gained control of CMXP
- CMXP now in acquisition mode – two acquisitions in the US

**Penton acquires TU Auto  
(Jan 2016)**

- Fast growing event & content business in the Global Auto sector
- Scope to leverage Penton's auto division and presence worldwide

**Ascential IPO  
(Feb 2016)**

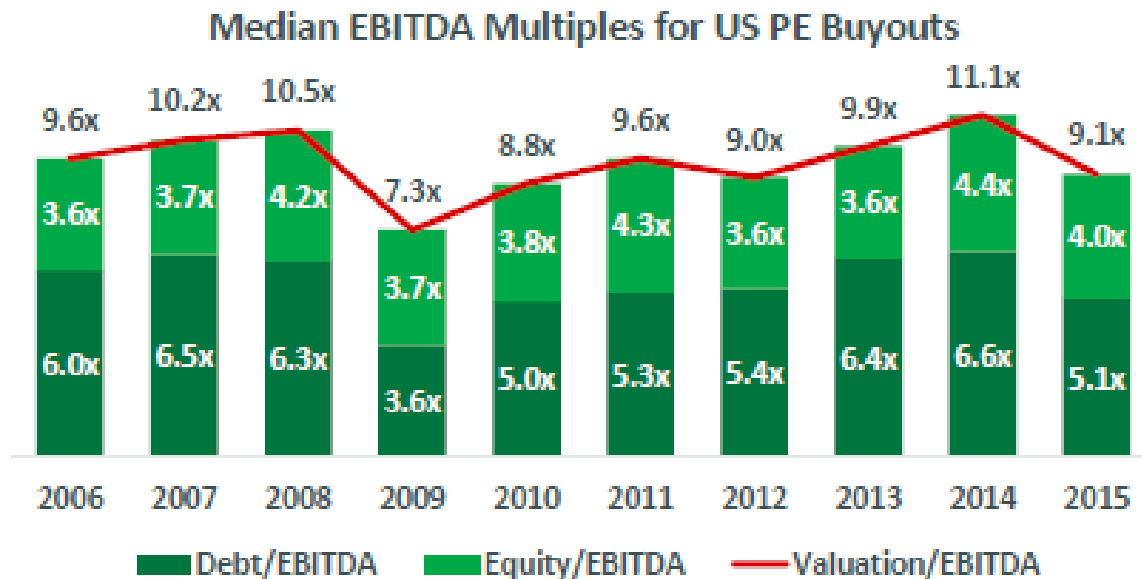
- Return to the public markets for Emap, now known as Ascential
- Alternative exit option for the PE platforms of scale

**Informa acquires Water  
and Wastewater Show  
(Feb 2016)**

- Acquired from Cole Publishing, which retained the media assets
- Big splash by the new CEO of Informa Global Events

### 3. DEBT/RISK APPETITE

## PE MORE COMFORTABLE WITH USING DEBT IN M&A TRANSACTIONS



- 2011-2015 Public Company debt leverage was in the range of 1.6x to 1.9x EBITDA
- Informa's and UBM's shareholders financed two major transactions (Hanley Wood and Advanstar)
- Approx. \$1.5bn in capital returned to shareholders in share buybacks, rather than invested in growth

## IN CONCLUSION – THREE THINGS WE LEARNED SINCE SISO 2015...



### Valuations Remain Strong

- Double-digit EBITDA valuation multiples for large events companies, and some smaller ones
- Historical EBITDA growth needs to be maintained to support valuation models

### Global Consolidation in B2B Events is Slower Than in Other Service Sectors

- M&A activity in the events sector is low, compared to other global service sectors
- Strategic appetite is for niche acquisitions and new event launches, not transformational acquisitions

### Debt/Risk Appetite Differs Between Strategic and Private Equity Investors

- PE very comfortable with debt leverage, which is a key component of their financial models
- Strategics are not taking advantage of readily available acquisition capital, at historically low interest rates

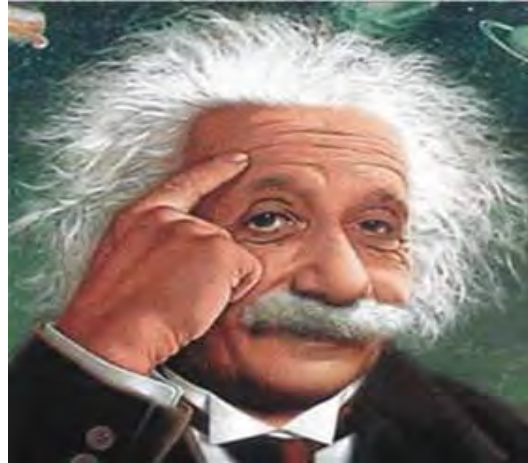
### Revenue Diversification Through Technology

- Technology has been embraced by operators to improve buyer and seller experience, but not yet a significant revenue stream
- Year-round revenue generating engagement is still elusive

### Integrated Events and Content Model

- Some event operators are looking at other media businesses to provide a comprehensive engagement with their communities
- $E = MC^2$ ?

**Engagement = (Meetings X Content)<sup>2</sup>**



**Albert's Theory of Integrated B2B Media**



# Enterprise Value = (Meetings X Content)<sup>2</sup>

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