

Magazines Up for Sale, Including Variety

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Variety, Publishers Weekly and dozens of other trade publications are going up for sale as the publishing company Reed Elsevier looks to get out of the uncertain advertising market.

The company, based in London and Amsterdam, announced Thursday that it intended to sell one unit, Reed Business Information, and acquire ChoicePoint, a provider of consumer information, for \$4.1 billion.

The business information unit includes some relatively well-known titles (Broadcasting & Cable, Multichannel News, New Scientist) along with sector-specific publications (Custom Builder, Microprocessor Report, Home Textiles Today). Of the 400 publications, the most prominent is Variety, the Hollywood trade magazine.

Last year, the unit had revenue of \$1.76 billion with an adjusted operating profit of \$233 million. Most of the revenue came from advertising, and in a statement, Reed said it was seeking to reduce its exposure "to advertising markets and cyclicalities." The trade show business, Reed Exhibitions, will not be sold.

"It's a clear indication that the landscape is changing for the larger business-to-business publishers as print publications continue to struggle on the ad sales side," said Michael Parker, a managing director of the merger and acquisition advisory firm AdMedia Partners.

Reed Elsevier sold another publishing arm, Harcourt Education, last year. The company has sought to reorient itself as a provider of subscription-based online services, with products including science and health information and the LexisNexis databases of legal, news and business documents.

"These are high-growth businesses with high margins," said Patrick Kerr, a spokesman for Reed Elsevier. "They're really accelerators for growth for the company, and that's really what we want to focus on."

ChoicePoint, which is based in Georgia, was formed in 1997 as an offshoot of Equifax. ChoicePoint acquires and analyzes consumer data for insurance companies and other clients. It has largely recovered from an embarrassing series of data breaches and federal investigations into stock sales in 2005, although concerns about the brokering of consumer data linger.

ChoicePoint stock rose \$14.61 on Thursday, to \$48.27.

Analysts estimated that Reed Business Information would fetch at least \$2 billion. Potential buyers could include Apax Partners, a British private equity group whose Incisive Media division bought American Lawyer Media last year for \$630 million.

"The market is strong for business-to-business companies," said Reed Phillips, a managing partner of the media investment bank DeSilva & Phillips. "But with the credit markets in disarray, the big deals are the ones that are hard to get financing for."

Some buyers may be more interested in specific titles.

"I think they'll come out as a group first, and then depending upon market reaction, they may have to bundle some of the publications," Mr. Parker said.

The division's primary rival, Nielsen Business Media, has also been the subject of sale speculation, although the company denied the rumors.

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