



PRIVATE EQUITY

PE firms circle ALM

by Chris Nolter

Updated 04:49 PM EST, Mar-26-2007

Although Steven Brill expects ALM Media Holdings Inc. to attract interest from private bidders, he does not expect to invest in the company that he founded.

"I might look at advising, but it's not something I'd want to go back to," Brill said. Though he has been approached by private equity investors, the former AmLaw chairman and CEO said he is unlikely to take a minority stake in the business. "I'm not a very good passive investor in things that I actually know about," he said.

Wasserstein & Co., the parent of the fund that owns The Deal LLC — which was founded as a unit of ALM in 1999 — said last week it had hired Credit Suisse Group to explore strategic options for the legal publisher. The firm's U.S. Equity Partners LP arm has controlled the publisher since 1997, when it bought the business from Time Warner Inc.

A March report from Standard & Poor's said ALM's total debt comes to \$440.5 million including holding company senior notes. S&P put the leverage at 9.1 times its pro forma 2006 Ebitda, which would produce an Ebitda level of more than \$48 million, including results from 2006 acquisitions. At recent B2B buyout multiples of 10 to 12 times Ebitda, the properties could be worth \$600 million or so. When J.P. Morgan Partners LLC and Wasserstein agreed to buy housing and construction publisher Hanley Wood LLC in mid-2005, Moody's Investor Service valued the transaction at 14 times Ebitda for the previous year. The deal carried lower multiples using forward-looking Ebitda figures, however.

"There has been an upsurge of interest this year among private equity firms in business-to-business media," said **Michael Alcamo** president of New York media investment banking firm **M.C. Alcamo & Co.**, regarding the market for so-called B2B publishing assets.

Though Brill might not plan on investing in ALM, Avista Capital Holdings LP is expected to look. Avista partner James Finkelstein was CEO of National Law Publishing Co. when it was acquired by ALM. In November 2006, Avista agreed to buy MidOcean Partners LLP's 50% stake in Thompson Publishing Group, solidifying its position in the business publisher. Outside of the B2B niche, Avista also signed a deal to buy McClatchy Co.'s Star Tribune Co. for \$530 million in December.

MidOcean Partners has itself shown an appetite for business publishers, buying 50% of Prism Business Media Inc. from Wasserstein and other investors in February.

Several other private equity firms have shown interest in B2B publishers.

Boston-based Abry Partners LLC announced in March that it would join with Sundance Business Enterprises, run by former Penton Media Inc. CEO David Nussbaum, to invest in B2B media and services. Abry also is one of several firms with money in Minneapolis-based Dolan Media Co., which has made acquisitions in legal publishing and services.

New York's Wicks Group of Cos. LLC's Wicks Business Information unit also has been acquisitive and owns Inside Counsel.

Investcorp owns the New York B2B publisher SourceMedia, which was formerly Thomson Media, and publishes American Banker and other titles.

1105 Media Inc. of Chatsworth, Calif., was formed in April 2006 by Nautic Partners LLC, Alta Communications and its CEO, publishing veteran Neal Vitale, to invest in B2B information and media.

The potential suitors either declined to comment or could not be reached Monday.

Brill is now CEO of Verified Identity Pass Inc., a company he founded in 2003 that prescreens air travelers for risk so they can move more quickly through security checks. He said that ALM's readership and the general lack of competition that many of the titles face would benefit the company.

"They are not the kind of endangered species that a general interest print publication might be," he said.

"There really aren't any weekly and monthly competitors to the American Lawyer or daily competitors to the daily newspapers, like the New York Law Journal, the Fulton County Report in Atlanta, which I bought for like a million dollars," Brill said. "That itself is probably worth \$20 million today," he suggested.

"I'm interested in it, and I have sort of an emotional stake in wanting to see the publications continue to do well," Brill said. "It's not something I'm spending a lot of serious time thinking about in terms of doing it as a business."