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M&A Sources: Breaking Up RBI for Sale 'Great Idea'

Downturned economy a factor.

By Jason Fell
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It's been two months since London-based Reed Elsevier announced its plans to divest its b-to-b arm, Reed Business Information, and rumors are understandably still swirling about who its potential suitors are, and when it may actually sell.



The most recent rumor is that Reed may sell the U.S. division of RBI separate from the European group. According to a PaidContent report, the U.S. division—which publishes titles like Variety and Publishers Weekly—could sell for as much as \$500 million.

In an e-mail to FOLIO:, Reed declined to comment. But, a number of industry observers say a separate sale of RBI's U.S. division—especially in the downturned state of the economy—would be a smart move.

"I think it makes sense," says DeSilva + Phillips managing partner Reed Phillips. It's a smart idea. It should help the sale considerably."

"It was unlikely that RBI would be sold in one deal," one industry observer, who wished to remain anonymous, tells FOLIO:. Early estimates put the sale of RBI at about \$2 billion. "I believe that there will be multiple deals by geographic region with Variety being sold separately since it is a trophy asset."

With the economy as it is, it could make sense for Reed to sell RBI off in pieces. "There are high quality print, online and trade show businesses within Reed, and many middle market publishers would pay higher multiples if they could acquire a group that specifically meets their needs," says **Michael Alcamo**, president of New York-based investment bank **M.C. Alcamo & Co. Inc.**

So far, private equity groups such as Permira, Providence Equity Partners and Cinven have been floated as possible suitors, with interest said to be cooling from other groups like Apax Partners. Industry observers have said, however, that there is no doubt that RBI's buyer will come from private equity.

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