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Private equity media investment to continue throughout 2008

LONDON - Nearly 90 per cent of private equity technology, media and telecoms (TMT) investors expect to at least maintain their 2007 investment levels into the sector this year.

The report by corporate financier Cobalt, which surveyed 105 leading investors, also found that 96 per cent of TMT investors anticipate their average investment size this year to be similar or larger than last year. Meanwhile, one in four of respondents anticipate that they will increase their investment into the sector in 2008.

The Cobalt report hints at a period of stability among private equity-owned media companies, with 36 per cent of investors stating that they expect the number of company sales by such investors to be lower this year than in 2007.

Cobalt founding partner Paddy MccGwire said that one of the reasons why there might be fewer TMT company sales by their private equity owners is that turbulence on the financial markets has reduced investors' ability to sell assets on to other investors.

Last year saw a spate of high-profile private equity deals and approaches in the media sector.

In December, Emap agreed to sell its business-to-business division to an Apax and Guardian Media Group consortium for around £1.3bn. Meanwhile, Global Radio, backed by private equity, made an approach to GCap Media over a potential £300m takeover.

However, the level of private equity deals in the media sector could fall this year as investors struggle to secure finance from troubled debt markets.

The Cobalt report warns that 58 per cent of investors think there will be a lack of new opportunities in the TMT sector, while 42 per cent believe limited availability of finance will be a problem.