

America news

DEAL FLOW

SMALL MEDIA, BIG RETURNS

Two recent exits further Noson Lawen's point that small is beautiful.

The most well known private equity firms focused on the media space don't tend to get involved in deals where equity cheques of between \$3 million (€2.2 million) and \$5 million are written. And that's just the way Ted Carroll likes it.

The New York-based principal of Noson Lawen Partners says his firm targets media and information companies so small that they don't even register on the radars of larger private equity firms – that is, until these acorns grow to a size where the larger houses take notice.

The Partners of Noson Lawen recently sold portfolio company HMP Communications to middle-market private equity firm Alta Communications, which also specialises in media deals. Noson Lawen enjoyed a roughly four times return on the deal, which was completed in 1999. HMP Communications provides specialty medical journals and information. Carroll says that when his firm did the deal, the otherwise hot media market had fallen well out of love with traditional medical journals. "This is old-fashioned stuff," says Carroll.

An earlier deal has also paid off in a big way for the firm. After investing \$5 million for an equity stake in Dolan Media in 1997, the company in July went public on the New York Stock Exchange, spelling a three times return for the firm. Key to Dolan's success was the establishment of a service that helps law firms process defaulted mortgages – a growth industry, suddenly.

Carroll has been investing with partner Earl Macomber, who is based in Philadelphia, for 20 years. The two recent exits come from their second fund together, which raised \$145 million in 1997. Noson Lawen recently held a second close on a third fund, rounding up a total of \$45 million.

Like most general partners of small private equity firms, Carroll has an intimate grasp of portfolio companies' operations and often gets involved in the tiniest details. For example, when the partners once owned a publisher of mass-marketed paperback books, Carroll found himself overseeing the photo shoots for the covers of pot-boilers, which sometimes involved costumed romantic partners in steamy embraces. Noson Lawen's limited partners are no doubt impressed by the results this hands-on strategy appears capable of delivering. ■



Carroll: 'old-fashioned stuff'

VCS COMMIT \$225M TO TELECOM FIRM

US telecommunications company Zayo Bandwidth has received \$225 million (€165 million) in Series A funding from a group of US venture firms including Columbia Capital, M/C Venture Partners, Oak Investment Partners, Battery Ventures and Centennial Ventures. Robust bandwidth demand nationwide enabled Zayo to obtain such an unusually large amount of venture funding so soon after its launch, said Centennial managing director Rand Lewis. "Demand has just grown steadily since the mid-1990s," Lewis said. "We think the companies we're investing in are well positioned to take advantage of that."

HD SUPPLY SALE PRICE CUT TO \$8.5BN

Bain Capital Partners, The Carlyle Group and Clayton Dubilier & Rice will pay \$8.5 billion (€6.2 billion) instead of \$10.3 billion for Home Depot's wholesale supply unit, HD Supply, as the health of the US credit and housing markets continue to cause concern for investors. The deal's underwriters – JP Morgan, Lehman Brothers and Merrill Lynch – have also revised their debt commitments for the deal, though the banks did not reveal the new terms of the debt.

CITI SPENDS \$400M ON PLASTIC CUTLERY

Citicorp Venture Capital, the 39-year old leveraged buyout arm of Citi Alternative Investments, has acquired a controlling stake in Waddington North America in a \$400 million (€293 million) transaction. CVC purchased the stake from Code Hennessy & Simmons, a Chicago-based mid-market firm. Headquartered in Kentucky, Waddington produces single use products for the foodservice industry, including cutlery, takeout →