

Acquisition Opportunity

Blue Chip Clientele of Major Publisher
Mid-Atlantic Region

DESIGN, PRODUCTION, AND GRAPHICS FIRM SOUP-TO-NUTS BOOK DEVELOPMENT AND MULTIMEDIA

YEAR 2000 REVENUE: \$3.5 MILLION

INVESTMENT HIGHLIGHTS

- ★ CLIENTS INCLUDE MCGRAW-HILL, HARCOURT, PEARSON, SCHOLASTIC, ET AL.
- ★ FIRM'S VALUE-ADDED SPANS INSPIRED, CREATIVE DESIGN TO RIGOROUS PROCESS MANAGEMENT
- ★ IN-HOUSE EXPERTISE TRANSFERABLE TO ADVERTISING, MAGAZINES, OTHER MEDIA
- ★ TURN-KEY ACQUISITION – DEEP MANAGEMENT BENCH & PROCEDURES DOCUMENTATION
- ★ CREATIVE OUTPUT IN PRINT MEDIA WITH MULTIMEDIA CAPABILITY
- ★ STRONG REPUTATION AND 23-YEAR HISTORY
- ★ LOCATED IN HEART OF MAJOR MEDIA CENTER
- ★ LEVERAGES IMPORTANT BUSINESS TREND AS COMPANIES TURN TO OUTSOURCING
- ★ UNTAPPED GROWTH OPPORTUNITIES: ESTABLISH SALES FORCE, MOVE BEYOND CURRENT NICHE

BUSINESS DESCRIPTION

Client #163875 offers a full range of design and production services to book publishers, principally those in the educational category. The Company, like much of its clientele, has its offices and studios in a major media city and offers services spanning the entire book-production process, short of printing and distribution. These include concept development, graphical design, illustration and photo-research, copy-editing, process management and layout. The firm employs a rigorous process-control-and-documentation approach, tracking each project and documenting its progress at each step along the way. This process is undergirded by a series of established, written Company procedures which are published in its proprietary operations manual. This process-approach, the deep bench of middle management and department managers, and strong customer loyalty make this firm an ideal candidate for an easy transition to a new owner.

The Company was founded 23 years ago, continuously serving a blue-chip clientele which includes McGraw-Hill, Harcourt, Pearson, Scholastic and other well known publishers. Principally as a consequence of the founder's background, the primary focus has historically been on the educational segment of book publishers, creating text books and other materials used primarily in North American classrooms. Management believes, however, that nothing constrains an acquirer to this niche, and the design and production capabilities of the firm are well suited to different book-publishing segments as well as other creative, process-oriented enterprises such as advertising, magazine design and production, and multimedia development.

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BOOK DESIGN, PRODUCTION AND GRAPHICS FIRM**BLUE-CHIP CLIENTELE AND HIGHLY LEVERAGEABLE EXPERTISE****FINANCIAL SUMMARY**

Recast Income Statement Highlights
FOR FISCAL YEARS ENDED DECEMBER 31
(\$000)

	----- Historical -----		
	<u>1998</u>	<u>1999</u>	<u>2000</u>
Sales	1,310	2,732	3,476
Gross Profit	614	1,568	1,934
% Sales	62.1%	57.4%	55.6%
EBIT	8	241	724
% Sales	.6%	8.8%	20.8%

▪ For a *print-media production house* seeking a talented design group steeped in creative energy, additional production capacity, access to major book-publishers, or a foothold in a major media center, this acquisition candidate represents a unique opportunity offering all of these. ▪ For an *advertising firm or a public-relations firm*, this candidate represents vertical integration, expanded in-house production capability, and a presence in a major media city. ▪ For *book publishers or magazine publishers*, this candidate represents creative verve, a window on industry trends and a proprietary process-control system for design and production that is replicable at other production facilities. ▪ For *media companies or multimedia companies*, this candidate offers a unique opportunity to acquire design and production studios in a major East-Coast media center.