



Curtis: 'Luxury hits all of your senses. It's addictive for those who are fortunate enough to be able to afford luxury.'

Upscale Tale

William Curtis caters to a recession-proof demographic in publishing lifestyle titles such as Robb Report. He's looking for acquisitions.

By PAT MAIO
Staff Reporter

FROM his Malibu offices, William Curtis has positioned CurtCo Robb Media LLC to attend to the tastes of the very well to do. He claims that the average reader of his thick, glossy, magazines has an annual income of more than \$1 million and a net worth of at least \$5 million—a largely recession-proof demographic he says has allowed the business to thrive as other titles struggled to stay afloat. Since buying the Robb Report and sister publication Showcase (since renamed "Robb Report Collection") in June 2001, Curtis has developed a strategy of extending the Robb Report brand to other luxury categories, launching Robb Report Home Entertainment & Design in October 2002. In addition, Curtis bought Worth magazine out of bankruptcy for \$2.4 million late last year, although he came up shy in the bidding for New York magazine. The flagship Robb Report was started in 1967 by Robert "Rusty" White as a three-ring binder collection of Rolls-Royces for sale.

Question: What's your definition of the Robb Report's sensibilities?

Answer: Luxury hits all of your senses. It is addictive for those who are fortunate enough to be able to afford luxury. After you acquire or experience luxury, you become base-lined. The first time you drive your new car, yacht, boat or plane, or whatever, it's a fabulous experience. It stays that way for a little while. Then you get used to it. The folks that are in the Robb Report marketplace find themselves feeding their need for luxury.

Q: Who is a typical reader?

A: Someone who has been inspired to a level of connoisseurship in a number of categories. Their primary issue isn't what something costs, but what the quality of craftsmanship and pedigree is behind the products.

Q: What areas are you looking to expand?

A: We are going to be in the health and wellness market, which will form a third vertical business for us in publishing. The ultimate service and lifestyles magazine is Robb Report, which serves the affluent marketplace. The other leg of that stool is Worth magazine. It's about wealth management and wealth transference.

differ from what's already in the market?

A: When you bring together the concept of luxury with health and wellness, you realize that health insurance no longer applies. There is something called luxury medicine. There are certain people who can get on a private jet and fly to whatever country houses the finest doctors or medicine and procedures that are sometimes experimental. Luxury medicine would include having your own critical care physician on your yacht in the middle of the Mediterranean. Luxury medicine, of course, includes elective procedures, like cosmetic age-defined procedures. So you will find us in the middle of that market because that is clearly important to us.

Q: Will your new titles come from inside or through acquisitions?

A: It's a combination. We are currently talking to about half-a-dozen operations. The smallest thing we are looking at is valued at \$3 million. The biggest is about \$80 million. We are in a nice position of having solid financial backers who have no limit to the size of transactions that we could close.

Q: Who are those partners?

A: TD Capital Communications Partners helped us acquire Robb Report. We found out we liked each other, and wanted to move forward together, so we both ended up putting more money into the title, and we operated that way for about two years. Then private equity firm Weston Presidio Capital Management, which controls over \$2 billion in private equity funds, joined us a year ago to form a \$100 million equity investment, which will be used for acquisitions and new magazine launches.

Q: Venture capitalists always have an exit strategy in mind. Might CurtCo Media go public?

A: That is an option. That is not the primary target.

Q: How did you find yourself in the luxury market?

A: I began my career in the late 1970's as a media planner at New York advertising agencies and moved to the publishing industry before founding W.J. Curtis & Associates, a magazine consulting and advertising representative firm. We got a little tired of making other publishers successful, so we decided to do this for ourselves. In 1987, I established CurtCo Publishing and launched Audio Video Interiors, Car Audio and Electronics and Mobile Electronics. In 1990, CurtCo sold Audio Video Interiors and Car

INTERVIEW

William Curtis

Title: President and Chief Executive

Organization: CurtCo Robb Media LLC

Born: Garden City, N.Y., 1957

Education: Bachelor's degree, Ithaca College

Career Turning Point: Sent to L.A. by New York-based CBS Magazines in the early 1980s to set up a sales office

Most Admired Person: Bill Harlan, owner of a Napa Valley winery, for his success in business and excellent relationship with his son

Hobbies: Skiing, wine

Personal: Married, three children

to Cowles Business Media in 1993 for about \$12 million. Through a 1994 partnership with Freedom Communications, I started a wealth of high-end consumer magazines. In 1999, CurtCo sold its 50 percent ownership to Freedom Communications.

Q: The magazine industry is still shaking off one of the worst advertising declines in memory, and yet you've got a substantial war chest. Is the worst over?

A: I'm not convinced this is the end of the tough times. Something relatively minor could set us back on a tough course. If you look at some of the main indicators, like employment, we haven't had a lot of quarters where we produced more jobs than we lost. But enthusiasm is high, consumer confidence is high and it certainly looks like we may be heading out of tough times.

Q: Will this hurt your company's acquisition strategy?

A: Tough times are the best time for us to acquire magazines. During good times, we sometimes pay artificially high rates.

Q: How was Robb Report doing when you bought it?

A: It had losses of about \$8 million the previous year. When we purchased the book, we raised the advertising rates. People were paying \$6,000 a page at the time; now it's between \$12,000 and \$15,000 on average. We delivered a much more expensive product, and it all came together. This year, in our third year, we are up about 34 percent in the first quarter over last year in terms of revenue.

Q: You made a run at New York magazine. Is that the sort of property you're targeting now?

A: We are looking for synergistic magazines, newsletters and event businesses. But there isn't a lot on the market for sale, so we are looking at everything from regional titles to categories that look and feel like they can be associated with Robb Report's sensibilities. There is a challenge of finding enough products out in the marketplace to acquire.

Q: What was it like bidding for New York?

A: We spent three or four months learning about the business, and felt very comfortable with our business plan. We were very quiet about our bid at \$52.5 million. In the end, (Lazard Chairman) Bruce Wasserstein, one of greatest dealmakers in the country, called his buddy Henry Kravitz for advice. Wasserstein offered \$55 million, and all of our effort at that point went down the drain. We didn't even get a call back at the time, not that we would have raised our bid. It was an interesting process to watch.

Q: Did it leave a bad taste in your mouth?

A: No. What it gives you is something to strive for. When you watch the way real dealmaking is done, you learn something from it. I was disappointed we didn't end up with the assets, but I'd say we learned a lot from the process.

Q: Could you paint a picture of the corporate culture at CurtCo Media?

A: Corporate is not necessarily the word I would use to describe us. We have a core group of 26 people, many of whom have been together for about 15 years. As a group, we have developed over 30 titles either through launches or acquisitions. Even in a divestiture, this group has stayed together. We've been known to cruise the hills on our motorcycles, but that stopped because too many people got hurt.

Q: Who got hurt?

A: I had my own split about 15 months ago. I ended up in the hospital with a broken hip and such, and Arthur (Coldwells, a senior vice president and publisher of Robb Report Motorcycling), went down three months ago. Our motorcycles have gathered dust,