2016 Music Industry M&A Report
In this special issue of our M&A Soundcheck we take a look back at 2016 and highlight some of the bigger deals in the music industry. 2016 ended strong with several large deals announced, including Samsung’s acquisition of Harman International for $8 billion, which will accelerate its growth in the automotive and connected technologies sector. Audience measurement company Nielsen also stepped into the acquisition arena with a $560 million cash offer for Gracenote, a worldwide leader in music and video metadata. Closing out the year, The Hollywood Reporter-Billboard Media Group’s acquisition of the assets of rock music publication Spin will help it expand its online audience and increase revenues.

Our Commercial & Consumer Technology team also had a busy year with several notable transactions including the sale of VXi Corporation, a leading provider of headset communications solutions, to GN Audio (Jabra), a Denmark-based leader in intelligent audio solutions. In addition, we advised Amped Wireless, a developer and marketer of premium WiFi networking solutions, on its sale to Digital Products International, a leading producer of consumer electronics selling products under the Memorex, Zeki, iLive, GPX, WeatherX, Culinar and Oster brands.

We hope that this report serves as a useful tool for your business. As you evaluate your own opportunities, please feel free to call us at 310.478.9000 for more pointed insight.

Thank you,

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The Hollywood Reporter–Billboard Media Group Acquired the Assets of SpinMedia (December)
The Hollywood Reporter–Billboard Group is acquiring established rock music publication Spin, hip-hop and R&B magazine Vibe, and indie music blog Stereogum in a strategy to target a younger, digital-first audience. Los Angeles–based Hollywood Reporter–Billboard Group is making a forceful push to lead online music journalism while expanding its reach beyond its traditional role in entertainment reporting. The media assets will expand its online audience to 45 million monthly readers and increase revenues to more than $100 million a year, with two-thirds coming from digital and video.

Nielsen Acquired Gracenote for $560 Million in Cash (December)
Audience measurement company Nielsen is acquiring Emeryville, Calif.–based Gracenote from Tribune Media Company for $560 million in cash. Gracenote’s worldwide database and technology solutions support the programming guides and personalized user experience for significant video, music, audio and sports content. By acquiring Gracenote, Nielsen is creating an industry-leading metadata and measurement business to serve evolving client needs as the market shifts towards greater personalization.

Samsung Acquired Harman International Industries for $8 Billion (November)
Samsung recently stunned the industry by announcing an $8 billion acquisition of Harman International Industries. Samsung, not historically known for being an M&A juggernaut, shook up the consumer electronics landscape. The primary driver of the acquisition is a focus on the connected car sector. Harman has continually made huge bets on the sector with the acquisitions of connected car software companies Symphony Teleca and TowerSec as well as Bang & Olufsen’s automotive business. Harman’s technological expertise and longstanding relationships with the major automakers will prove valuable for Samsung as it navigates this rapidly-emerging market. However, outside of the Connected Car division, Harman boasts some true crown jewels, including its highly profitable Professional Solutions division as well as an attractive portfolio of beloved audio brands, including JBL, that offer vast tie-in potential for Samsung.

ReverbNation Acquired AudioKite in an Effort to Improve Consumer Research for Musicians (November)
ReverbNation has acquired New York City–based AudioKite, an early stage online market research company that provides consumer research and opinion polling to musicians and labels. Both companies are well-known in the music industry for serving up-and-coming musicians of all types and genres. ReverbNation previously offered a tool similar to AudioKite called Crowd Review through outside partners. The acquisition allows ReverbNation to deliver more comprehensive and insightful information to promoters of festivals, licensing companies and radio at a broader scale.headquarters in Nashville, Tenn.

Prima Music Acquired Music Treasures, Largest Music Gift and Novelty Business (October)
Prima Music, an internet-based music company founded in 2003 and based in Atlanta, Ga., acquired Music Treasures of Mechanicsville, Va., one of the foremost music gift and novelty companies serving the music and dance educator, retailer, musician, and student population. Prima Music has quickly grown to become one of the top five internet-based suppliers of printed music to music teachers, students, and musicians throughout the world. The acquisition will be integrated with Prima’s operations.
2016 Music Industry M&A Report (Cont’d)

**QSC Acquired Ultra Stereo Labs (September)**
QSC acquired Ultra-Stereo Labs, combining two leading brands in the cinema equipment industry. QSC supplies full audio systems for the live sound, systems integration and cinema industries, while San Luis-Obispo, Calif.-based Ultra-Stereo Labs is one of the leading suppliers of audio signal processing and audio-visual test and measurement products for the cinema and professional audio-visual industries. The acquisition was the first major acquisition for QSC and will expand its portfolio of audio-visual processing and B-chain services under the QSC and Ultra-Stereo Labs brands.

**Rolling Stone Magazine to Sell 49% Stake to BandLab Technologies (September)**
BandLab Technologies, a Singapore start-up, has bought a 49% stake in *Rolling Stone Magazine*. BandLab is the first-ever outside investor in the 49 year-old magazine and the deal’s objective is to popularize the legendary music and pop culture brand in Asia and other new markets. BandLab also acquired MONO Creators, an American designer of instrument cases, straps, and accessories for gigging musicians and bands such as Red Hot Chili Peppers, Metallica and The Rolling Stones. Both companies will execute an integrated marketing and product development strategy that focuses on the mobile musician market.

**Roland Acquired 70% Stake in V-Moda (August)**
Japanese instrument manufacturer, Roland, acquired a 70% stake in Hollywood, Calif.-based headphones company V-Moda, leaving 30% ownership with V-Moda Founder Val Kolton. Post-merger, both brands will remain independent, allowing V-Moda to hold onto its strong reputation with audiophiles. One of the first new products set to come from the combined Roland/V-Moda will be a Bluetooth speaker called the V-Moda Remix, priced at around $300.

**Jazwares Acquired First Act (July)**
Alleghany Capital Corp.’s subsidiary Jazwares, a leading toy and consumer electronics company, acquired the musical products business of Boston-based First Act, a designer, marketer and supplier of musical products, instruments, and accessories for children and young adults under the First Act and First Act Discovery brands. First Act will build on its merchandise offering by accelerating new product development, expanding existing licensor and retailer relationships, and leveraging Jazwares’ worldwide operations to increase First Act’s global presence.

**Seidler Equity Partners Acquired Majority Shares of Hal Leonard Corp. (June)**
Seidler Equity Partners, a New York City-based private equity firm, acquired a majority interest in Hal Leonard Corp., the world’s largest producer of music performance and music educational publications. The Milwaukee-headquartered company has annual sales of more than $170 million and its products are sold in more than 80 countries worldwide. The purpose of the transaction was to ensure the long-term financial strength of Hal Leonard and to allow the founder to diversify assets for estate planning purposes. Management will stay in place and senior management will retain minority ownership with multi-year contracts.
2016 Music Industry M&A Report (Cont’d)

ROLI Raised $27 Million in Series B Funding to Expand its Connect Music Ecosystem (May)
The London-based music technology company ROLI raised $27 million in Series B funding to accelerate growth and bring its devices like the Seaboard RISE to music makers worldwide. The fundraising will help ROLI expand to meet its growing demand, expand in new markets, and intensively build out its product, engineering and marketing teams in North America and Europe. London-based BGF Ventures and San Francisco, Calif.-based Founders Fund joined the round alongside all the investors who participated in ROLI’s $12.8 million Series A funding. The funding was followed by ROLI’s acquisition of FXpansion, a maker of software instruments. The move will bring FXpansion’s staff and 15 years of expertise in the audio software development field into the ROLI fold.

Buffet Crampon Acquired Powell Flutes, Largest Flute Manufacturer in the U.S. (April)
French company Buffet Crampon, the second largest manufacturer of wind instruments in the world, acquired Boston-based Verne Q. Powell Flutes, the largest producer of flutes and piccolos in the United States, with a prestigious historical brand and global presence, particularly in Japan and South Korea. The acquisition will allow Buffet Crampon to extend its product range, and the shared distribution networks will enable the group to strengthen its market position and brand recognition.

Cortec Group Acquired Chauvet and Sons (March)
Cortec Group, a New York-based private equity firm, acquired Chauvet and Sons, a leading developer and marketer of branded entertainment and architectural lighting products. Chauvet is a leader in the DJ market and has customers throughout the world. Following the transaction, the Chauvet family will remain a significant investor in the company.

Ardian Acquired Germany’s d&b audiotechnik (February)
Ardian, a European independent private investment company with assets of $55 billion, acquired d&b audiotechnik, a mainstay of loudspeaker manufacturing. Ardian acquired d&b from Odewald & Compagnie and COBEPA, which first invested in the company in 2011. d&b develops and produces high-quality sound systems for mobile and permanently-installed applications. Since 2011, d&b’s sales have more than doubled from £44 million to £94 million in the financial year 2015.

Kakao Acquired South Korea’s Leading Music Streaming Operator MelOn for $1.6 Billion (January)
South Korean Web giant Kakao Corp. acquired a majority stake in Loen Entertainment, the parent company of South Korea’s top music streaming service provider MelOn, for $1.6 billion. The transaction was valued at 6.4 times revenue and 27.5 times EBITDA and was Kakao’s largest acquisition to date. The transaction will provide Kakao with key assets to create new content platforms and expand into global markets by leveraging its numerous mobile platforms and Loen’s music content. MelOn will also give the company a head-start in the South Korean market on music streaming service Spotify.
Select Commercial & Consumer Technology Transactions

- **VXi blueparrott**: a portfolio company of vicente capital partners has been acquired by Jabra
- **Amped Wireless**: has been acquired by Digital Products International
- **SunBriteTV**: a portfolio company of Bunker Hill Capital has been acquired by General Atlantic
- **Ultimate Ears, LLC**: a portfolio company of Logitech has been acquired by General Atlantic
- **PreSonus**: has completed a senior and subordinated debt financing led by Transom Capital Group
- **Blue Microphones**: a portfolio company of Kinsman Capital has been acquired by Riverside
- **SpeakerCraft**: a portfolio company of Nortek has been acquired by Linear Corporation, a subsidiary of Trivest
- **PolkAudio**: has been acquired by an affiliate of Kinsman Capital

*Represents transactions executed by principals of Intrepid while at previous securities firms.*

Commercial & Consumer Technology Team

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Intrepid’s Commercial & Consumer Technology team provides a unique blend of proven execution expertise, deep industry knowledge, and relationships cultivated over many years of dedicated coverage. Target sectors include: pro audio/visual technologies, digital signage, and residential and consumer technology. By focusing exclusively on these sectors, our industry bankers have a deep understanding of prevailing trends and value drivers.