

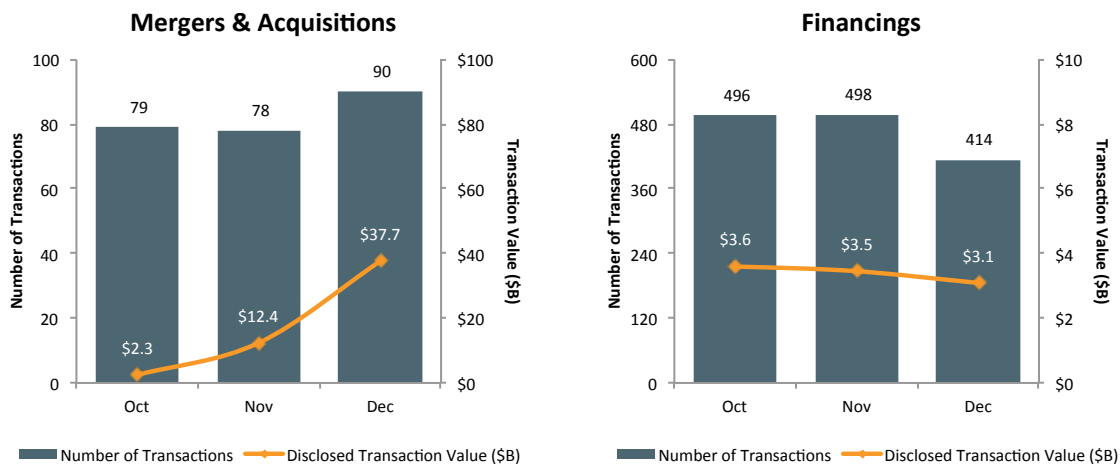
# Strong End to 2016 for Digital Media

## Strong End to 2016 for Digital Media

The fourth quarter of 2016 was active for transactions across the digital media space, with nearly 250 global M&A transactions and more than 1,400 disclosed global financings. Several key trends that drove consolidation and investment in the sector included:

- Traditional media companies' continued focus on utilizing alternative digital channels to distribute content and attract new audiences
- Increased activity from Chinese investors and conglomerates in the advertising and digital marketing sectors
- Ongoing merger activity between traditional brick-and-mortar retailers and eCommerce businesses to create omni-channel commerce platforms
- Expanded investment across virtual and augmented reality content production and platform technologies
- Migration of enterprise services and content to the cloud, and
- An expanded focus on mobile marketing and marketing automation to increase the effectiveness of advertising ROI.

### Digital Media Q4'16 Activity



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

**Thank you,**



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## Recently Closed Transactions and Industry News

### Walmart Completed Its Acquisition of Jet.com for \$3 Billion

In late September, Walmart completed its \$3 billion acquisition of eCommerce platform Jet.com, significantly bolstering its omni-channel capabilities in its ongoing battle with Amazon. Leading up to the acquisition, Walmart had already established its online portal as the second largest in the U.S. by traffic. With the acquisition of Jet.com, Walmart seeks to increase its penetration among Millennial shoppers and further augment its already expansive assortment of products online.



### Comcast's NBCUniversal Doubles Down on BuzzFeed

Following its initial investment in BuzzFeed in Q3'15, Comcast, through its NBCUniversal subsidiary, infused an additional \$200 million into the rapidly growing digital content platform bringing its total investment to \$400 million. BuzzFeed plans to use the capital to invest in Tasty, its food-centric concept, as well as grow its digital video offerings. The strategic investment will also bring together the operations of NBCUniversal and BuzzFeed, with opportunities to cross-sell advertisements and collaborate on future projects across mediums.



### Adobe Adds TubeMogul to Its Marketing Cloud for \$540 Million

In December, Adobe acquired video advertising company TubeMogul, a demand-side platform that allows advertisers to plan, buy and measure video ads using an automated system, for approximately \$540 million. The acquisition is expected to add a strong video component to the Adobe Marketing Cloud, which is already active across search, display and social advertising. At \$14 per share, the transaction reflects a significant premium for TubeMogul shareholders, as the company's stock had tumbled close to \$7 at the end of October.



### Smaato Eyes Chinese Mobile Market Following Buyout

Spearhead Integrated Marketing Communication Group, a publicly-traded Chinese marketing and advertising business, acquired Smaato for nearly \$150 million in December. Founded in 2005, Smaato operates an advertising exchange for mobile sites and app developers. The company currently claims to reach over one billion monthly unique mobile users outside of China and hopes the acquisition will expand its reach to the Chinese mobile advertising market, which is home to an additional billion mobile users.



### Trans World Entertainment Buys Etailz to Establish Omni-Channel Capabilities

Trans World Entertainment Corp., which primarily sells DVDs and CDs through more than 300 FYE stores, acquired Etailz Inc. for \$75 million. Etailz operates a portfolio of eCommerce Websites, including GreenCupboards.com, EcoMom.com and Vault Electronics.com, and also helps retailers with Website development, search engine optimization, email and social media marketing. Trans World seeks to increase future sales by offering Etailz products in its FYE stores and leveraging Etailz's capabilities to accelerate FYE's online sales.

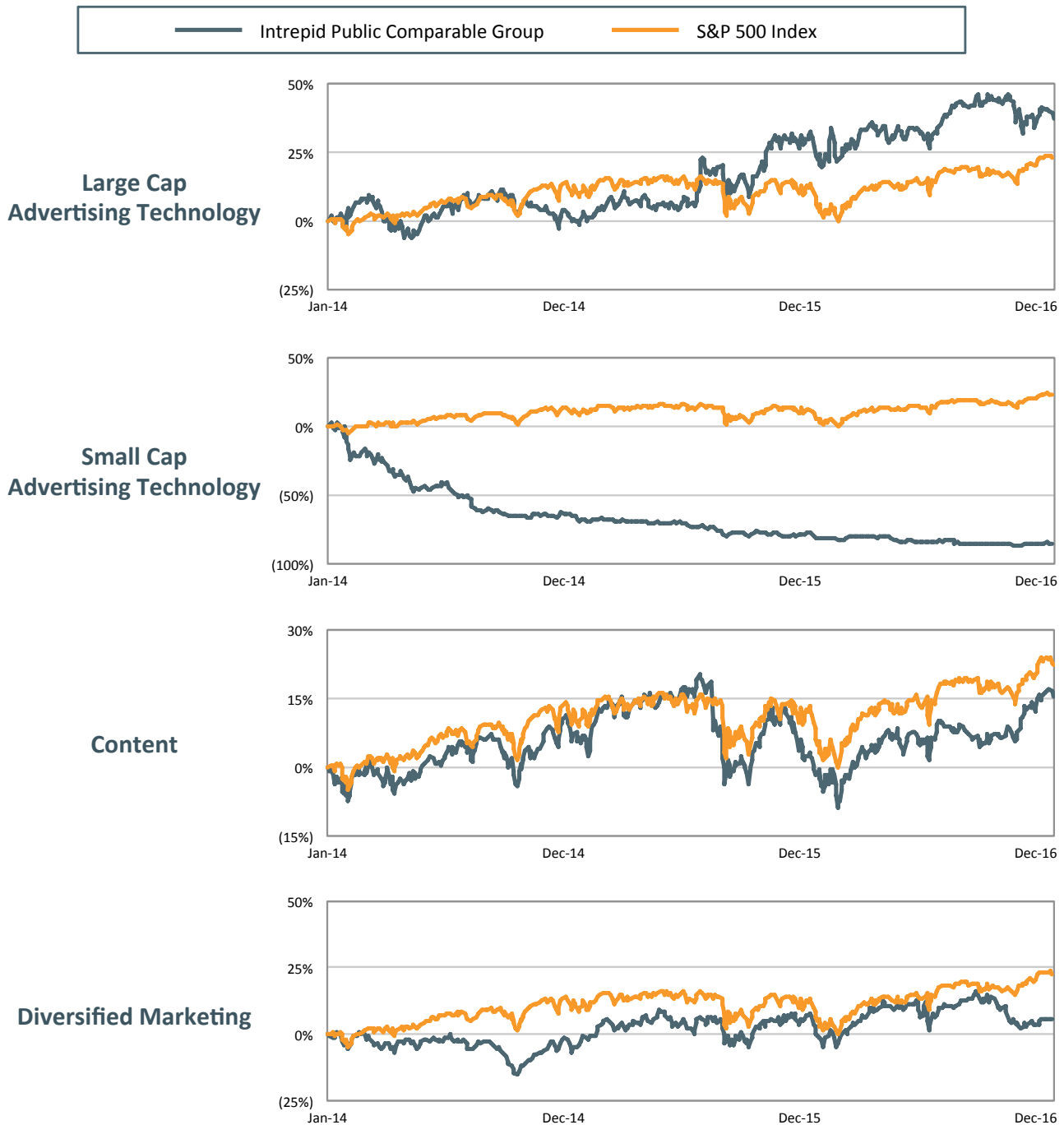


### J2 Global Augments Ziff Davis Subsidiary with Everyday Health Acquisition

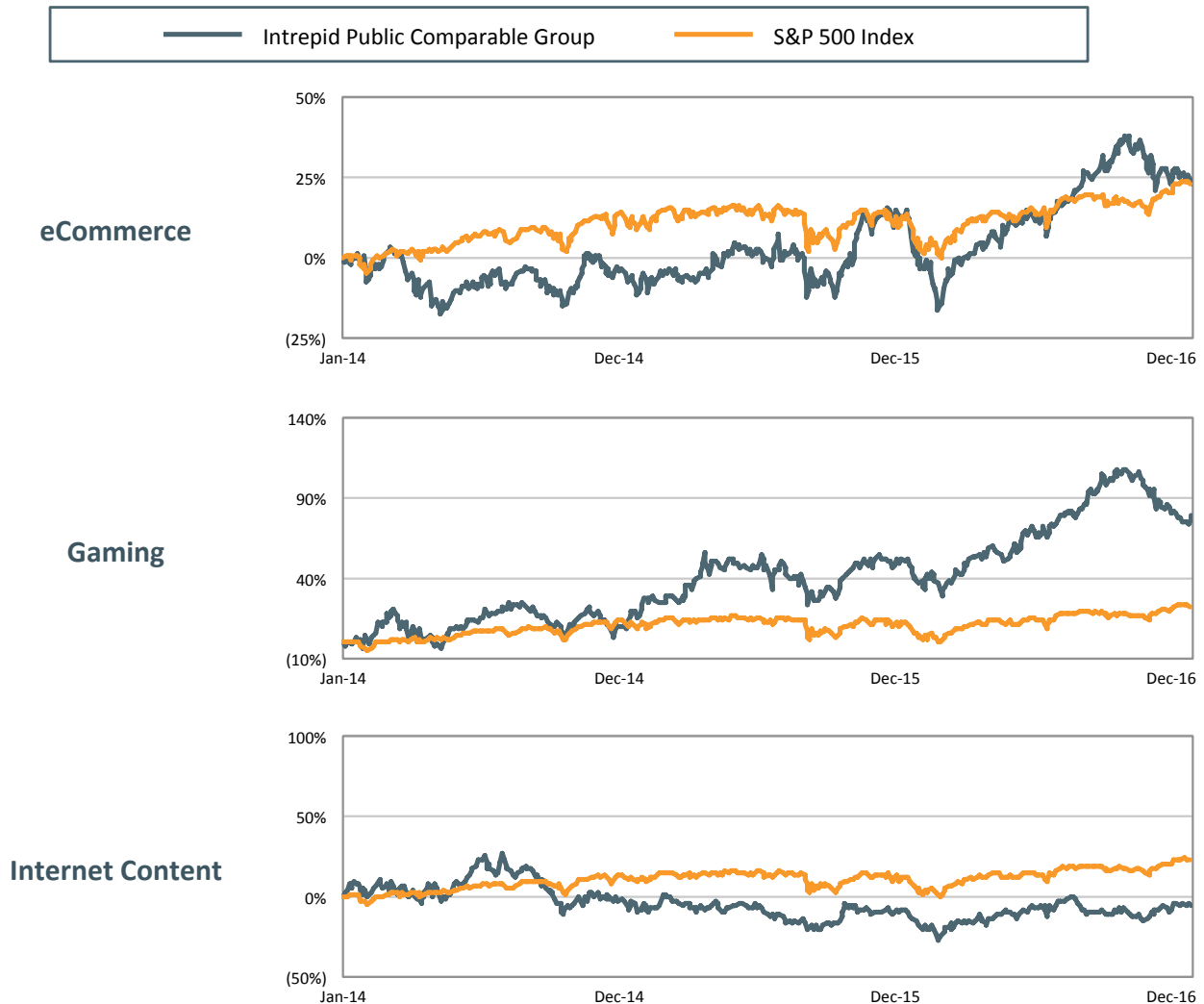
J2 Global, through its Ziff Davis subsidiary, acquired Everyday Health, a provider of digital health marketing and communications solutions, for approximately \$465 million. The acquisition is highly complementary to Ziff Davis, which maintains strong brands in the technology, gaming and men's lifestyle verticals, such as AskMen, IGN and PC Mag, among others. The combined entity generates over \$520 million of annual revenue and reached more than 86 million users in September.



## Publicly Traded Companies - Stock Valuation Trends















## Publicly Traded Companies - Stock Valuation Trends (con't)














## Publicly Traded Companies - Large Cap Advertising Technology

Company	Share Price	% of 52-Wk High	Enterprise Value	Market Cap	Cash	Debt	Last Twelve Months			EV / LTM Revenue
							Revenue	EBITDA	GM%	
	\$834.85	96.3%	\$487,486	\$569,884	\$86,333	\$3,935	\$90,272	\$29,860	61.1%	5.4x
	134.19	99.0%	358,358	387,807	29,449	0	27,638	14,835	86.3%	13.0x
	48.98	86.0%	306,380	199,674	2,880	108,078	125,980	42,987	59.2%	2.4x
 AllianceData.	227.03	93.9%	32,203	13,113	1,859	20,949	7,138	1,567	20.7%	4.5x
	692.94	88.0%	17,972	19,962	2,467	125	3,341	1,039	76.0%	5.4x
	15.58	59.5%	8,964	11,052	3,775	1,687	2,530	136	65.1%	3.5x
	31.81	61.8%	5,618	6,868	1,213	0	1,205	178	35.0%	4.7x
	23.12	96.8%	6,775	7,452	1,052	362	1,141	336	73.7%	5.9x
	75.89	98.0%	6,255	5,897	1,419	1,602	3,140	394	75.9%	2.0x
	45.46	95.1%	2,510	2,899	407	9	1,629	152	36.0%	1.5x
	9.95	54.7%	1,326	1,417	192	73	660	35	68.8%	2.0x
	29.05	87.0%	1,049	1,121	124	52	173	53	80.4%	6.1x


















Top Quartile:	5.8x
Median:	4.6x
Mean:	4.7x
Adj. Mean:	4.2x
Bottom Quartile:	2.1x

## Publicly Traded Companies - Small Cap Advertising Technology

Company	Share Price	% of 52-Wk High	Enterprise Value	Market Cap	Cash	Debt	Last Twelve Months			EV / LTM Revenue
							Revenue	EBITDA	GM%	
 rubicon PROJECT	\$8.35	41.0%	\$216	\$409	\$193	\$0	\$300	\$47	75.7%	0.7x
 Perion	2.28	89.1%	230	174	31	87	296	25	47.1%	0.8x
 MATOMY MEDIA GROUP	1.36	78.6%	155	130	26	17	270	20	21.8%	0.6x
 RhythmOne	0.48	85.4%	196	235	41	0	156	(21)	38.7%	1.3x
 QUINSTREET	3.28	75.9%	111	149	37	0	299	(6)	8.4%	0.4x
 rocketfuel	2.31	56.3%	114	105	79	88	457	(9)	39.9%	0.3x
 TREMOR VIDEO	2.17	78.6%	71	113	43	1	167	(10)	45.7%	0.4x
 YuMe	3.53	81.0%	59	121	62	0	169	(3)	48.1%	0.3x
 Marin SOFTWARE	2.20	64.0%	52	85	36	3	106	(4)	66.1%	0.5x
 MAXPOINT	4.48	37.5%	32	30	24	26	144	(19)	51.4%	0.2x
 MARCHEX	2.87	61.3%	19	124	105	0	136	(11)	40.8%	0.1x

Top Quartile:	0.7x
Median:	0.4x
Mean:	0.5x
Adj. Mean:	0.5x
Bottom Quartile:	0.3x





## Publicly Traded Companies - Content

Company	Share Price	% of 52-Wk High	Enterprise Value	Market Cap	Cash	Debt	Last Twelve Months			EV / LTM Revenue
							Revenue	EBITDA	GM%	
 COMCAST	\$75.15	97.8%	\$238,192	\$178,542	\$5,073	\$61,046	\$80,403	\$26,478	69.6%	3.0x
The  Company	109.26	97.6%	193,488	172,767	3,736	20,490	55,172	16,784	46.2%	3.5x
 Time Warner	96.58	99.2%	97,391	74,560	1,539	24,339	29,318	8,340	44.2%	3.3x
 21ST CENTURY FOX	29.91	94.2%	72,307	55,151	4,530	19,893	28,062	6,954	37.6%	2.6x
 SONY	31.71	99.0%	52,325	40,029	4,117	10,608	64,443	3,955	24.5%	0.8x
 CBS CORPORATION	64.40	96.3%	36,504	27,726	179	8,957	14,442	3,352	40.8%	2.5x
 網易 NETEASE	257.42	94.4%	29,705	33,845	4,627	451	5,095	1,719	57.1%	5.8x
 VIACOM	43.65	93.5%	29,578	17,470	443	12,300	12,658	2,863	45.4%	2.3x
 Discovery COMMUNICATIONS	28.48	95.7%	24,629	16,773	387	7,996	6,471	2,435	63.4%	3.8x
 scripps networks interactive	77.83	100.0%	13,608	10,049	330	3,583	3,364	1,483	66.9%	4.0x
 axel springer	50.59	92.3%	7,037	5,458	284	1,432	3,719	582	37.6%	1.9x
 News Corporation	13.29	90.5%	6,789	7,792	1,564	268	8,198	700	43.7%	0.8x
 LIONSGATE	28.52	98.2%	8,772	5,698	595	3,575	2,736	17	39.7%	3.2x
 meredith	62.10	99.1%	3,329	2,698	44	676	1,701	358	64.4%	2.0x
 TIME	19.00	93.1%	2,819	1,882	304	1,241	3,045	316	57.4%	0.9x
 GANNETT	8.94	50.5%	1,311	1,042	117	385	3,047	257	35.4%	0.4x
 tronc	13.95	77.8%	697	508	187	376	1,638	136	40.0%	0.4x

Top Quartile:	3.4x
Median:	2.5x
Mean:	2.4x
Adj. Mean:	2.3x
Bottom Quartile:	0.9x



















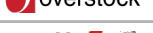



## Publicly Traded Companies - Diversified Marketing

Company	Share Price	% of 52-Wk High	Enterprise Value	Market Cap	Cash	Debt	Last Twelve Months			EV / LTM Revenue
							Revenue	EBITDA	GM%	
<b>WPP</b>	\$23.44	98.5%	\$35,908	\$30,023	\$2,855	\$8,504	\$17,193	\$2,545	85.7%	2.1x
<b>OmnicomGroup</b>	85.33	95.2%	23,797	20,012	1,969	5,033	15,417	2,303	17.8%	1.5x
 <b>nielsen</b>	44.31	79.2%	23,550	15,838	446	7,969	6,309	1,619	58.7%	3.7x
 <b>Experian</b>	19.56	96.7%	21,250	18,202	166	3,327	4,607	1,401	43.3%	4.6x
<b>PUBLICIS GROUPE</b>	66.45	89.8%	16,138	14,975	2,352	3,495	10,274	1,853	38.5%	1.6x
<b>EQUIFAX</b>	130.56	95.3%	18,256	15,654	129	2,672	3,145	1,093	64.6%	5.8x
<b>dentsu</b>	46.99	87.5%	15,591	13,399	2,191	2,943	7,837	1,652	94.8%	2.0x
 <b>Interpublic Group</b>	24.23	97.6%	10,747	9,620	895	1,741	7,847	1,095	35.8%	1.4x
<b>HakuhodoDY holdings</b>	11.75	89.0%	3,483	4,378	1,125	88	10,633	455	19.5%	0.3x
<b>IAVAS</b>	8.93	94.8%	3,854	3,746	647	746	2,489	398	38.5%	1.5x
<b>STRÖER</b>	48.29	78.6%	3,215	2,670	86	632	1,165	255	33.4%	2.8x
<b>axicom</b>	28.46	93.6%	2,314	2,215	138	237	880	91	45.1%	2.6x
<b>MDCPartners</b>	6.95	29.1%	1,428	372	22	951	1,354	139	33.0%	1.1x
<b>CHEIL worldwide</b>	16.82	94.8%	1,543	1,820	315	17	2,787	153	31.9%	0.6x
 <b>Asatsu-DK</b>	26.23	94.6%	945	1,085	186	16	3,477	79	14.5%	0.3x
<b>M&amp;CSAATCHI</b>	4.49	94.5%	354	337	39	50	255	27	31.6%	1.4x
<b>HARTE HANKS</b>	1.62	43.4%	154	100	7	61	462	13	15.1%	0.3x











<b>Top Quartile:</b>	2.7x
<b>Median:</b>	1.5x
<b>Mean:</b>	2.0x
<b>Adj. Mean:</b>	1.8x
<b>Bottom Quartile:</b>	0.8x

## Publicly Traded Companies - eCommerce

Company	Share Price	% of 52-Wk High	Enterprise Value	Market Cap	Cash	Debt	Last Twelve Months			EV / LTM Revenue
							Revenue	EBITDA	GM%	
	\$827.46	97.7%	\$376,411	\$394,698	\$25,981	\$7,694	\$135,987	\$12,302	35.1%	2.8x
	102.36	93.2%	254,655	255,900	20,422	13,081	20,722	7,639	62.8%	12.3x
	1646.51	101.9%	84,214	81,247	4,378	7,345	10,395	4,010	95.4%	8.1x
	144.82	99.8%	63,963	62,332	1,734	3,364	8,831	437	31.7%	7.2x
	33.63	100.7%	38,368	36,557	7,149	8,960	8,979	3,007	77.6%	4.3x
	122.65	91.8%	21,252	18,401	1,869	3,159	8,774	1,373	81.8%	2.4x
	19.32	70.9%	15,227	9,001	348	6,452	10,320	1,775	35.0%	1.5x
	195.28	100.8%	8,457	8,623	472	306	769	191	70.8%	11.0x
	58.17	100.3%	7,241	6,665	168	744	1,326	468	44.8%	5.5x
	84.69	81.3%	3,660	2,634	50	1,034	1,937	147	53.2%	1.9x
	37.67	84.5%	2,901	3,224	324	0	493	119	56.6%	5.9x
	127.70	99.4%	2,258	2,178	84	165	328	121	82.3%	6.9x
	54.32	83.4%	1,618	1,908	290	0	480	65	58.7%	3.4x
	12.84	80.0%	1,225	1,484	270	12	343	37	66.3%	3.6x
	10.00	87.7%	650	653	114	111	1,189	79	44.2%	0.5x
	13.20	91.9%	987	1,162	175	0	275	(3)	58.3%	3.6x
	6.30	58.6%	393	373	38	58	333	19	71.7%	1.2x
	40.72	98.4%	438	478	41	0	472	16	19.6%	0.9x
	17.39	90.4%	328	454	183	59	1,800	20	18.4%	0.2x
	8.80	66.3%	95	122	27	0	129	14	88.9%	0.7x









Top Quartile:	6.6x
Median:	3.5x
Mean:	4.2x
Adj. Mean:	4.0x
Bottom Quartile:	1.3x

## Publicly Traded Companies - Gaming

Company	Share Price	% of 52-Wk High	Enterprise Value	Market Cap	Cash	Debt	Last Twelve Months			EV / LTM Revenue
							Revenue	EBITDA	GM%	
 Tencent 腾讯	\$26.11	91.8%	\$246,041	\$244,962	\$14,233	\$13,790	\$20,769	\$8,836	56.8%	11.8x
 ACTIVISION   BLIZZARD™	47.23	103.7%	36,744	35,102	3,245	4,887	6,608	2,288	63.8%	5.6x
 EA	86.17	100.1%	23,334	26,563	4,219	990	4,626	1,238	71.7%	5.0x
 Garena	21.50	91.4%	5,686	5,952	981	700	4,844	571	30.8%	1.2x
 NCSoft™	254.95	89.7%	4,775	5,415	812	136	851	305	79.1%	5.6x
 UBISOFT®	36.52	88.3%	4,062	4,102	1,028	986	1,650	235	79.1%	2.5x
 DeNA	22.98	65.8%	2,820	3,333	724	163	1,231	273	60.4%	2.3x
 GungHo	2.58	83.8%	1,449	2,301	852	0	741	(52)	67.8%	2.0x
 zynga	2.19	71.7%	1,272	1,558	301	10	963	416	65.5%	1.3x
 GREE	5.95	99.1%	670	1,396	704	0	537	96	70.4%	1.2x

























































**Top Quartile:** 5.6x  
**Median:** 2.5x  
**Mean:** 4.1x  
**Adj. Mean:** 3.5x  
**Bottom Quartile:** 1.6x

## Publicly Traded Companies - Internet Content












































Company	Share Price	% of 52-Wk High	Enterprise Value	Market Cap	Cash	Debt	Last Twelve Months			EV / LTM Revenue
							Revenue	EBITDA	GM%	
 Zillow®	\$34.09	85.2%	\$6,003	\$6,142	\$506	\$367	\$847	(\$2)	91.5%	7.1x
 WebMD	50.74	75.1%	1,868	1,862	1,038	1,044	690	177	62.8%	2.7x
 Bankrate	11.15	86.2%	1,164	1,005	136	295	413	93	49.4%	2.8x
 xo group/	18.30	87.2%	364	466	101	0	149	20	94.0%	2.4x
 DHI	4.85	57.5%	302	241	23	85	227	47	85.8%	1.3x
 TechTarget®	8.82	95.5%	253	245	42	50	109	14	72.4%	2.3x
 Care.com™	10.20	85.0%	270	294	71	0	156	4	81.0%	1.7x
 eHealth	11.64	76.9%	146	213	67	0	193	10	98.2%	0.8x

**Top Quartile:** 2.8x  
**Median:** 2.4x  
**Mean:** 2.6x  
**Adj. Mean:** 2.2x  
**Bottom Quartile:** 1.4x

## Recently Closed Transactions














































Close Date	Acquiror	Target	Segment		Enterprise Value (\$M)	EV / Revenue
Dec-16	 CBOE HOLDINGS	 Bats	FinTech		\$3,200	1.8x
Dec-16	 vantiv	 Moneris SOLUTIONS	FinTech		\$425	-
Dec-16	 SPEARHEAD	 smaato	AdTech		\$148	-
Dec-16	 Adobe	 TubeMogul	AdTech		\$542	2.6x
Dec-16	 CALERES ★ ★ ★	 Allen Edmonds AN AMERICAN ORIGINAL	E-Commerce		\$255	-
Dec-16	 Microsoft	 LinkedIn	Content		\$25,635	7.1x
Dec-16	 j2 Global  ZIFF DAVIS	 everyday HEALTH	AdTech		\$465	1.7x
Dec-16	 MORNINGSTAR	 PitchBook	FinTech		\$225	4.4x
Dec-16	 AngelList	 Product Hunt	Content		\$20	-
Nov-16	 BED BATH & BEYOND	 Personalization MALL.COM	E-Commerce		\$190	-
Nov-16	 YFC-BonEagle	 MONOPRICE	E-Commerce		\$40	-
Nov-16	 NICE	 inContact	EdTech		\$861	3.4x
Nov-16	 criteo	 HookLogic	E-Commerce		\$250	1.9x
Nov-16	 ORACLE	 NETSUITE	E-Commerce		\$8,839	9.8x
Nov-16	 glu	 CROWDSTAR	Content		\$46	-
Nov-16	 randstad	 MONSTER	Content		\$337	0.6x
Nov-16	 Meta Financial Group	 eps	FinTech		\$43	-
Oct-16	 TRANS WORLD ENTERTAINMENT  fye	 etailz	E-Commerce		\$75	0.6x

## Financings

Announced Date	Lead Investor(s)	Target	Segment	Transaction Size	Pre-Money Valuation
Dec-16	 	RENT THE RUNWAY	E-Commerce 	\$60	\$690
Dec-16	FORMATION GROUP	MEMEBOX	E-Commerce 	\$126	\$349
Dec-16	  		FinTech 	\$49	\$124
Dec-16	PRINCEVILLE GLOBAL 	tripping	E-Commerce 	\$35	\$200
Dec-16	VALAR	STASH	FinTech 	\$25	\$74
Dec-16	MGM		VR / AR 	\$30	\$126
Dec-16	SAPPHIRE VENTURES	inkling	Content 	\$25	\$78
Dec-16	KZ Capital 	JETSMARTER	E-Commerce 	\$105	\$1,500
Dec-16	 Akkadian		Content 	\$25	\$137
Dec-16	  	TANGIBLE PLAY	EdTech 	\$24	\$65
Dec-16	htc		VR / AR 	\$22	\$80
Dec-16		Lemonade	FinTech 	\$33	\$175
Dec-16		ZOLA	Content 	\$25	\$200
Nov-16	NORWEST   	OPENDOOR	E-Commerce 	\$210	\$840
Nov-16	 	NS1	Marketing Tech 	\$23	\$28
Nov-16	 	helpshift	Marketing Tech 	\$25	\$80
Nov-16	WARBURG PINCUS	OfferUp	E-Commerce 	\$130	\$1,160
Nov-16	EMINENCE CAPITAL		AdTech 	\$43	\$345



## Financings (con't)

Announced Date	Lead Investor(s)	Target	Segment	Transaction Size	Pre-Money Valuation
Nov-16	 		Content 	\$31	\$169
Nov-16			Content 	\$200	\$1,500
Nov-16			Marketing Tech 	\$22	\$103
Nov-16			Content 	\$30	\$107
Nov-16	 		E-Commerce 	\$30	\$74
Oct-16			E-Commerce 	\$141	\$450
Oct-16			Content 	\$72	\$528
Oct-16	 		VR / AR 	\$25	\$50
Oct-16			Marketing Tech 	\$25	\$119
Oct-16			Content 	\$30	\$113
Oct-16	 		FinTech 	\$90	\$1,000
Oct-16	 		FinTech 	\$180	\$800
Oct-16	 		Content 	\$40	\$269

## Core Practice Coverage Verticals

CONTENT	COMMERCE	CUSTOMER JOURNEY
<ul style="list-style-type: none"> <li>Traditional Broadcast &amp; Media</li> <li>Music</li> <li>OTT &amp; Digital Video</li> <li>Gaming &amp; eSports</li> </ul>	<ul style="list-style-type: none"> <li>Branded eCommerce</li> <li>Shopper Marketing</li> <li>Marketplaces</li> <li>Direct to Consumer</li> </ul>	<ul style="list-style-type: none"> <li>Agencies &amp; Marketing Services</li> <li>Loyalty, Engagement &amp; Rewards</li> <li>Performance Marketing</li> <li>Market Research &amp; Data Analytics</li> </ul>

## Select Digital Media Transactions

 <b>adexchange</b> has completed a recapitalization and growth financing with  Advisor to Ad Exchange Group	 has been acquired by  Advisor to Threshold Interactive	 has been acquired by  Advisor to Pitch, Inc.	 has obtained a majority investment from  Advisor to Lieberman Research Worldwide	 has completed a recapitalization with JAYTS, LLC Advisor to Airsoft Megastore
 has received \$12,500,000 in growth capital from  Advisor to ReviMedia*	 has been acquired by  Advisor to X5 Music*	 has been acquired by  Advisor to Zoomin.TV*	 has been acquired by  Advisor to PunchTab*	 has been acquired by  Advisor to Countdown Media*
 has been acquired by  Advisor to Content Fleet *	 has received an equity investment from  Advisor to MyColorScreen*	 has been acquired by  Advisor to Dedicated Media*	 has been acquired by  Advisor to Tender Creative*	 has been acquired by  Advisor to Weather Underground*

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



## Digital Media Team



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### About Intrepid's Digital Media Practice

Intrepid's Digital Media practice provides M&A advisory and capital raising services to sector leaders throughout the value chain, from emerging growth concepts to more established models to mature public companies. Our specialized investment banking team brings deep sector expertise across agency & marketing services, digital advertising, eCommerce & marketplaces, entertainment & content, events & B2B marketing, marketing technology and traditional & online publishing. We provide clients with robust industry insight and experience as well as a strong network of prospective buyers, decision-makers and access to key investors.

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