

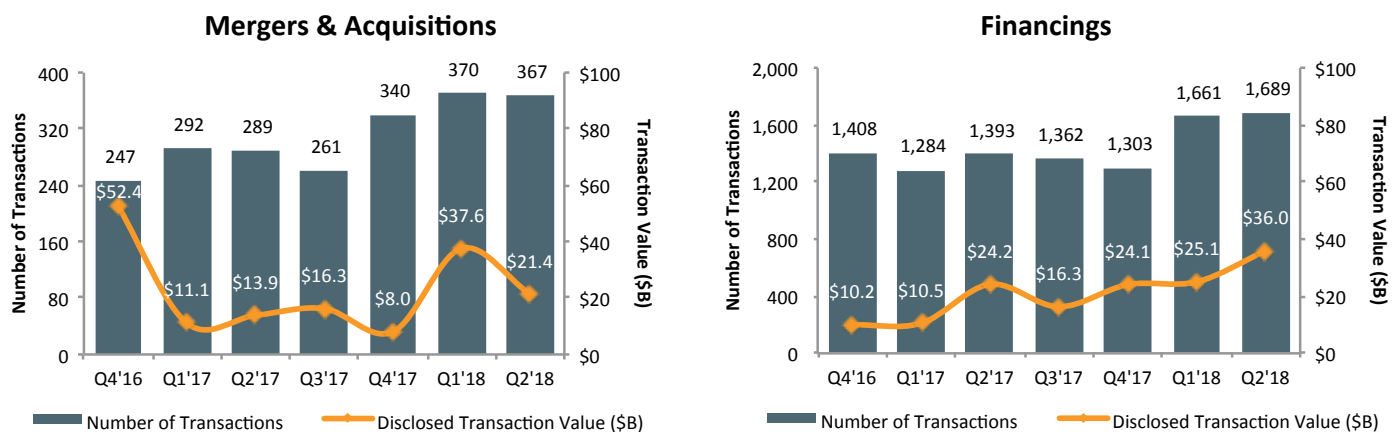
# Digital Media M&A Maintains Momentum Through 1H'18

## Digital Media M&A Maintains Momentum Through 1H'18

M&A activity remained strong in the second quarter of 2018 across the Digital Media space, with transaction and financing volumes staying in line with a strong first quarter performance. In the first half (1H) of 2018, digital media M&A transaction volume increased nearly 27%, while financings grew more than 25% compared with 1H'17. Key industry trends driving investments and acquisitions include:

- Increasing activity in mobile gaming, as strategics seek to consolidate the industry and investors eye growing revenue streams driven by in-app purchases.
- Consolidation of services to enable eCommerce and omni-channel retail strategies, while facilitating user interface, payment processing and product information.
- Growing investments in emerging technologies across Asia, especially throughout China and India.

### Digital Media Transaction 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,**



**Brandon Quartararo**

Senior Vice President

Head of Digital Media

bquartararo@intrepidib.com

## Recently Closed Transactions and Industry News

### Scopely Raises Additional \$100 Million to Fuel Growth and Acquisitions

In June, mobile game company Scopely raised \$100 million in additional Series C funding, following its initial Series C round of \$60 million in 2017, at a valuation of \$700 million. The company, which offers mobile games such as WWE: Champions, The Walking Dead: Road to Survival, Wheel of Fortune Free Play, and Yahtzee! With Buddies, generates approximately 80% of its revenue from in-game currency and is currently profitable. With more than \$250 million of capital raised to date, Scopely is seeking to make add-on acquisitions to expand its offerings and establish itself as the “Netflix of software-based entertainment” beyond casual gaming.



### Square Acquires Website Builder Weebly for \$365 Million

In an effort to expand its services and reach to entrepreneurs and small business owners, payment platform Square has acquired Weebly, which offers easy-to-use Website-building tools. With Weebly’s service offering, Square is able to deliver a cohesive solution for individuals building eCommerce or traditional businesses, aligning with its 2018 strategic focus on enabling omni-channel delivery models. The acquisition represents the latest of several moves that demonstrate Square’s willingness to enter new markets, such as its acquisition of food delivery service, Caviar, and corporate catering start-up, Zesty.



### Zynga Acquires Gram Games for \$250 Million

In May, Zynga—a leader in mobile gaming—acquired mobile game developer Gram Games, well-known for titles such as 1010 and Merge Dragons!, for \$250 million, reflecting approximately a 2x to 3x revenue multiple in addition to a potential earn-out based on financial performance over the next three years. As part of the acquisition, Zynga will gain more than 75 Gram Game employees based in Istanbul, Turkey, and hopes to expand the reach of the target’s games with its sophisticated live services expertise.



### Opendoor Raises \$325 Million to Expand in New Markets

In June, Opendoor, a disruptive digital platform that provides streamlined liquidity to residential home sellers, raised \$325 million of capital, bringing its total capital raised to date to nearly \$650 million. The latest capital raise included participation by General Atlantic, Access Technology Ventures, and Opendoor’s lead investor, Lennar, the largest homebuilder in America. Opendoor plans to use the additional capital to expand to 50 metropolitan geographies across the U.S. by 2020, as it prepares for a widely rumored IPO.



### Oracle Acquires Grapeshot to Bring Brand Safety to Its Cloud Offering

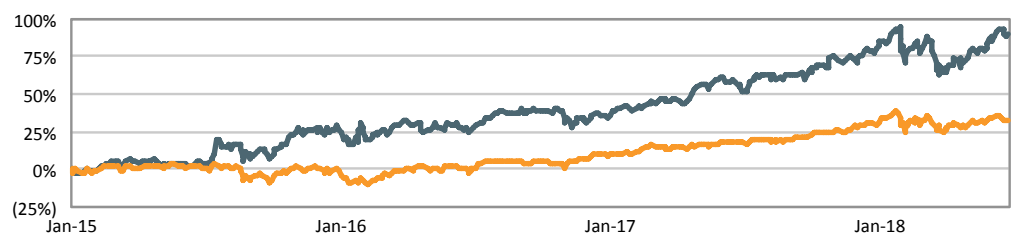
Oracle has announced the acquisition of Grapeshot, a Cambridge, U.K.-based provider of brand safety solutions for brands, agencies, and publishers. Grapeshot works with more than 5,000 marketers worldwide and has processed more than 38 billion ad impressions. By integrating the target’s service offering into the Oracle Data Cloud, the buyer is seeking to capitalize on cross-selling opportunities for its audience and measurement segment. While terms of the deal have not been disclosed, Oracle is rumored to have paid between \$280 million and \$400 million, which may include an earn-out provision.



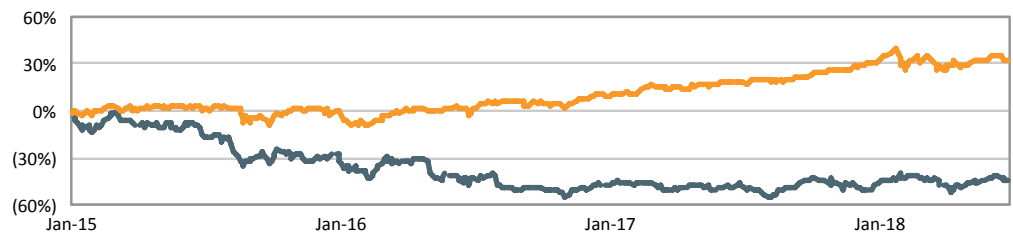
## Publicly Traded Companies – Stock Valuation Trends

— Intrepid Public Comparable Group — S&P 500 Index

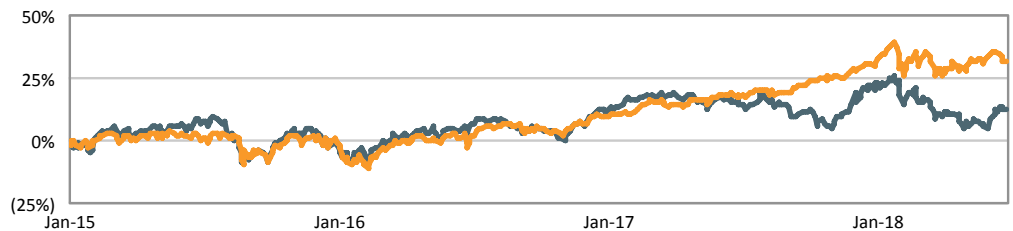
### Large Cap Advertising Technology



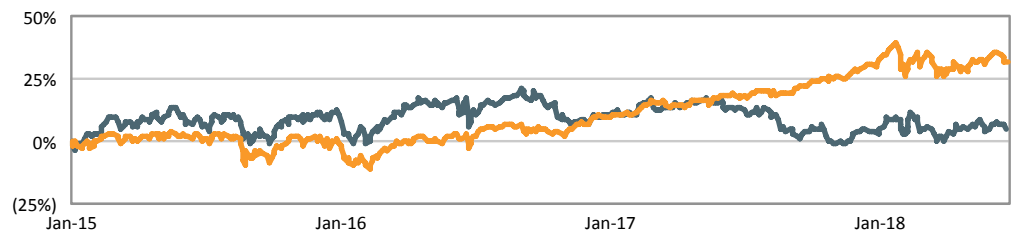
### Small Cap Advertising Technology



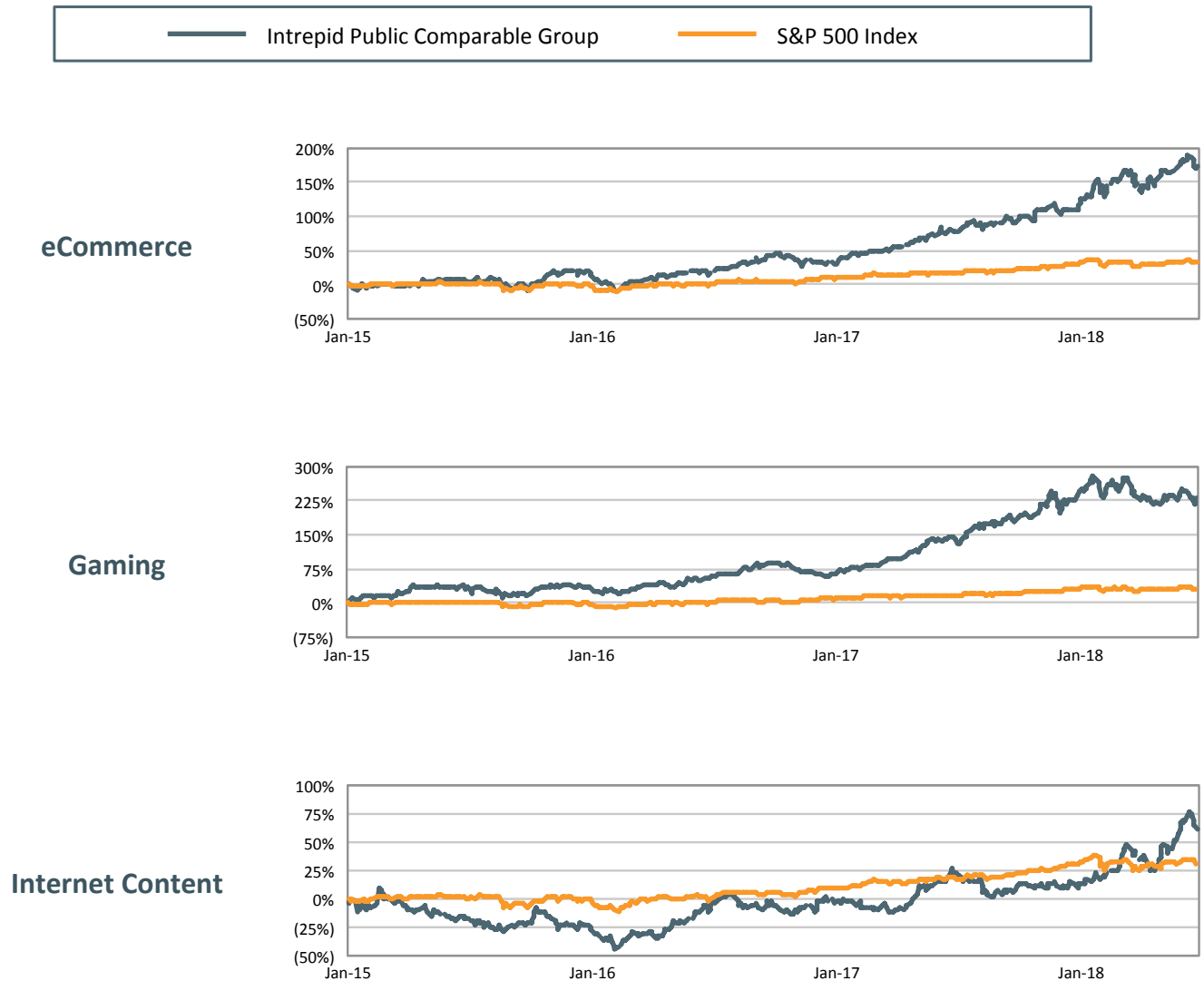
### Content



### Diversified Marketing















## Publicly Traded Companies – Stock Valuation Trends (cont'd)






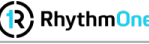






## Publicly Traded Companies – Large Cap Advertising Technology

Company	Share Price	% of 52-Wk High	Enterprise Value	Market Cap	Cash	Debt	Last Twelve Months			EV / LTM Revenue
							Revenue	EBITDA	GM%	
 Google	\$1,129.19	87.4%	\$681,970	\$779,553	\$102,254	\$3,981	\$123,898	\$38,205	57.4%	5.5x
 facebook	194.32	88.9%	518,626	562,484	42,309	121	48,497	27,395	85.2%	10.7x
 verizon	50.31	91.9%	327,443	207,876	1,750	114,640	129,647	46,493	58.5%	2.5x
 AllianceData	233.20	83.8%	34,065	12,919	3,449	24,123	7,807	1,773	25.1%	4.4x
 NAVER	685.90	78.5%	17,626	19,759	0	0	4,620	1,195	0.0%	3.8x
 twitter	43.67	91.4%	30,028	32,748	5,661	2,696	2,697	584	67.3%	11.1x
 LINE	41.07	85.9%	9,029	9,912	1,169	209	1,666	177	36.1%	5.4x
 Yandex	35.90	80.7%	11,009	11,786	1,532	316	1,715	386	74.1%	6.4x
 IAC	152.49	91.5%	13,728	12,761	1,663	1,995	3,541	405	80.0%	3.9x
 criteo	32.85	61.1%	1,718	2,179	484	4	2,344	246	36.2%	0.7x
 cheetahmobile	9.56	52.6%	946	1,340	533	0	786	116	67.6%	1.2x
 theTradeDesk	93.80	95.8%	3,812	3,951	139	0	341	83	77.5%	11.2x














Top Quartile:	9.6x
Median:	4.9x
Mean:	5.6x
Adj. Mean:	5.5x
Bottom Quartile:	2.8x

## 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	\$2.85	58.6%	\$22	\$142	\$119	\$0	\$134	(\$46)	57.6%	0.2x
 Perion	1.17	66.5%	99	91	42	50	273	21	42.3%	0.4x
 MATOMY	0.53	37.3%	75	52	25	49	212	12	20.8%	0.4x
 RhythmOne	2.24	40.6%	187	174	37	50	255	6	40.7%	0.7x
 QUINSTREET	12.70	84.4%	552	599	47	0	374	17	14.1%	1.5x
 telaria	4.04	76.2%	138	211	73	0	47	(16)	92.1%	2.9x
 Marin	5.80	37.5%	14	33	22	3	70	(23)	54.9%	0.2x
 MARCHEX	3.06	83.4%	47	132	85	0	88	(1)	44.7%	0.5x

Top Quartile:	1.3x
Median:	0.5x
Mean:	0.8x
Adj. Mean:	0.6x
Bottom Quartile:	0.2x






## 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	\$32.81	74.6%	\$214,249	\$150,980	\$5,726	\$64,580	\$87,179	\$28,388	69.3%	2.5x
The  Company	104.81	91.4%	180,981	155,826	4,179	24,684	56,916	17,254	45.4%	3.2x
 at&Time Warner	32.11	80.7%	351,361	235,247	13,523	190,167	158,368	45,323	52.0%	2.2x
 21ST CENTURY FOX	49.69	99.1%	106,356	91,718	7,372	19,997	29,207	6,497	35.5%	3.6x
 SONY	51.10	93.0%	58,314	64,761	26,015	12,800	80,360	9,729	27.0%	0.7x
 CBS CORPORATION	56.22	83.1%	30,876	21,317	147	9,706	14,110	3,108	37.9%	2.2x
 SBC KINGSTON BROADCAST GROUP	38.27	87.6%	5,479	3,353	795	2,921	1,853	458	52.6%	3.0x
 VIACOM	30.16	84.3%	22,403	12,398	417	10,084	12,904	2,958	46.7%	1.7x
 DISCOVERY COMMUNICATIONS	27.50	95.6%	39,232	18,790	1,049	19,367	7,567	2,579	59.3%	5.2x
 Tribune Media	32.15	80.1%	6,470	3,287	810	4,030	2,773	739	50.5%	2.3x
 axel springer	72.45	83.8%	10,047	7,817	254	1,907	4,258	731	38.6%	2.4x
 News Corporation	15.50	89.6%	7,589	9,109	2,112	276	8,411	784	45.5%	0.9x
 LIONSGATE	24.82	68.0%	7,584	5,130	378	2,729	4,129	501	44.9%	1.8x
 meredith	51.00	70.6%	5,560	2,276	372	3,138	1,905	348	62.3%	2.9x
 GANNETT	10.70	86.5%	1,367	1,208	146	305	3,096	299	38.1%	0.4x
 tronc	17.28	69.8%	838	610	163	349	1,514	113	58.6%	0.6x

Top Quartile:	2.9x
Median:	2.3x
Mean:	2.2x
Adj. Mean:	2.1x
Bottom Quartile:	1.1x



















## 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>	\$15.74	74.4%	\$26,396	\$19,862	\$3,232	\$9,292	\$20,633	\$3,190	20.8%	1.3x
<b>OmnicomGroup</b>	76.27	91.5%	20,488	17,335	1,919	4,965	15,385	2,352	18.2%	1.3x
 <b>nielsen</b>	30.93	70.9%	19,402	11,018	399	8,664	6,659	1,657	57.3%	2.9x
 <b>Experian</b>	24.73	95.9%	25,670	22,397	159	3,634	4,662	1,432	42.9%	5.5x
<b>PUBLICIS GROUPE</b>	68.77	90.9%	16,438	15,559	2,114	5,717	10,844	2,220	39.5%	1.5x
<b>EQUIFAX</b>	125.11	85.4%	17,490	15,049	327	2,632	3,416	983	61.7%	5.1x
<b>dentsu</b>	47.37	96.6%	15,889	13,352	2,163	4,285	8,861	1,627	94.3%	1.8x
 <b>IPG</b>	23.44	90.1%	10,808	9,037	493	2,040	8,095	1,166	35.3%	1.3x
<b>HakuhodoDY holdings</b>	16.04	97.4%	4,925	5,981	1,420	94	12,570	568	20.4%	0.4x
<b>STRÖER</b>	60.61	78.0%	5,376	3,367	134	2,236	1,708	322	33.7%	3.1x
 <b>acxiom</b>	29.95	67.6%	2,396	2,309	142	229	917	95	49.3%	2.6x
<b>MDCPartners</b>	4.60	37.5%	1,384	275	29	943	1,496	157	31.2%	0.9x
 <b>CHEIL worldwide</b>	18.56	92.7%	1,522	2,008	530	12	3,309	185	29.2%	0.5x
<b>M&amp;CSAATCHI</b>	4.68	82.9%	401	403	66	56	340	23	25.5%	1.2x

<b>Top Quartile:</b>	3.0x
<b>Median:</b>	1.4x
<b>Mean:</b>	2.1x
<b>Adj. Mean:</b>	2.0x
<b>Bottom Quartile:</b>	1.1x

## 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%	
	\$1,699.80	90.4%	\$844,313	\$824,789	\$27,050	\$45,789	\$208,125	\$20,631	38.8%	4.1x
	185.53	87.6%	474,477	476,715	33,509	20,014	39,894	14,744	57.5%	11.9x
	2027.09	90.9%	99,777	97,655	6,863	8,985	13,190	5,114	98.6%	7.6x
	391.43	92.5%	174,100	170,152	3,906	8,342	13,879	1,440	38.1%	12.5x
	36.26	77.2%	40,492	36,042	4,007	9,241	10,065	3,001	77.1%	4.0x
	120.19	75.5%	19,498	18,046	4,563	4,231	10,673	1,158	82.4%	1.8x
	21.22	72.9%	16,605	10,123	330	6,703	10,381	1,763	34.6%	1.6x
	298.93	71.5%	13,140	13,200	510	449	1,449	95	56.6%	9.1x
	56.56	93.6%	13,334	13,138	204	400	1,735	704	48.4%	7.7x
	144.96	84.4%	5,454	4,453	50	961	2,526	215	50.8%	2.2x
	104.91	74.4%	9,325	9,466	482	122	840	179	51.1%	11.1x
	253.05	88.6%	4,429	4,536	196	90	497	200	82.5%	8.9x
	47.46	89.9%	1,370	1,655	285	0	580	45	57.7%	2.4x
	42.19	92.0%	4,713	5,041	601	274	465	63	66.3%	10.1x
	12.55	83.7%	742	811	173	104	1,162	74	42.6%	0.6x
	13.10	73.4%	1,003	1,236	381	148	336	15	54.8%	3.0x
	32.59	37.6%	829	972	260	40	1,758	(82)	19.8%	0.5x
	17.10	80.9%	190	213	19	0	111	7	88.4%	1.7x






<b>Top Quartile:</b>	9.3x
<b>Median:</b>	4.0x
<b>Mean:</b>	5.6x
<b>Adj. Mean:</b>	5.5x
<b>Bottom Quartile:</b>	1.8x

## 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%	
<b>Tencent</b> 腾讯	\$50.19	82.6%	\$479,576	\$473,486	\$22,696	\$25,036	\$41,722	\$16,924	49.1%	11.5x
<b>ACTIVISION</b> <b>BILZARD</b>	76.32	93.5%	57,195	58,095	5,292	4,392	7,256	2,260	64.5%	7.9x
<b>EA</b>	141.02	93.2%	38,829	43,168	4,971	993	4,838	1,133	72.4%	8.0x
<b>NC</b> <b>SOFT</b>	333.51	75.1%	5,695	7,087	1,608	141	1,879	742	89.5%	3.0x
<b>UBISOFT</b>	109.65	86.8%	12,957	12,317	920	1,596	2,134	363	82.9%	6.1x
<b>DeNA</b>	18.74	72.3%	1,856	2,720	976	0	1,312	382	58.7%	1.4x
<b>GungHo</b>	4.07	89.1%	2,856	3,491	635	0	875	84	69.9%	3.3x
<b>zynga</b>	2.54	69.4%	1,307	1,809	574	2	775	253	57.0%	1.7x
<b>GREE</b>	5.35	64.6%	480	1,254	808	0	736	121	62.3%	0.7x














































<b>Top Quartile:</b>	8.0x
<b>Median:</b>	4.7x
<b>Mean:</b>	5.4x
<b>Adj. Mean:</b>	5.0x
<b>Bottom Quartile:</b>	2.0x

## 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	\$59.75	91.3%	\$11,366	\$11,800	\$823	\$390	\$1,131	\$70	92.1%	10.1x
xo group/	32.00	89.3%	696	806	109	0	161	20	93.7%	4.3x
 DHI	2.35	72.3%	143	122	16	37	199	30	86.1%	0.7x
 TechTarget	28.40	82.4%	780	781	31	30	112	18	75.0%	6.9x
 Care.com	20.88	91.0%	590	646	114	0	182	13	79.5%	3.2x
 eHealth	22.10	77.3%	385	420	31	0	172	(30)	98.6%	2.2x

Top Quartile:	7.7x
Median:	3.8x
Mean:	4.6x
Adj. Mean:	4.2x
Bottom Quartile:	1.9x

## Recently Closed Transactions

Close Date	Acquiror	Target	Segment	Enterprise Value (\$M)	EV / Revenue
Apr-18			eCommerce 	\$2,700	N/A
Apr-18			eCommerce 	\$3,316	3.3x
Apr-18			FinTech 	\$550	N/A
Apr-18			eCommerce 	\$250	N/A
Apr-18			FinTech 	\$219	10.0x
Apr-18			eCommerce 	\$495	0.2x
Apr-18			eCommerce 	\$100	N/A
May-18			Content 	\$735	N/A
May-18			eCommerce 	\$700	N/A
May-18			AdTech 	\$400	N/A
May-18			FinTech 	\$2,200	53.3x
May-18			eCommerce 	\$365	N/A
Jun-18			FinTech 	\$1,100	N/A
Jun-18			FinTech 	\$175	4.7x
Jun-18			eCommerce 	\$1,680	11.2x

## Recently Closed Financings

Close Date	Lead Investor(s)	Target	Segment	Transaction Size	Pre-Money Valuation
Apr-18	COATUE	 instacart	eCommerce 	\$350	\$4,000
Apr-18	 腾讯	 拼多多 (Pinduoduo)	eCommerce 	\$3,000	\$12,000
Apr-18	DST	 Revolut	FinTech 	\$250	\$1,450
Apr-18		 人人车 renrenche.com	eCommerce 	\$300	\$700
May-18	DST	 robinhood	FinTech 	\$363	\$5,237
May-18	T.Rowe Price®	 Rover	eCommerce 	\$155	\$800
May-18	Daimler Mobility Services	 taxify	eCommerce 	\$175	\$825
May-18	 PSP Investissements	 TRADESHIFT®	FinTech 	\$250	\$850
Jun-18	 蚂蚁金服 ANT FINANCIAL	 hello-bike.	eCommerce 	\$321	\$1,149
Jun-18	 Alibaba Group	 小红书 Xiaohongshu	eCommerce 	\$300	\$2,300
Jun-18	WARBURG PINCUS	 蚂蚁金服 ANT FINANCIAL	FinTech 	\$14,000	\$136,000
Jun-18	 ACCESS TECHNOLOGY VENTURES  GENERAL ATLANTIC	 Opendoor	eCommerce 	\$325	\$1,050
Jun-18	DST	 SWIGGY FOOD DELIVERY APP	eCommerce 	\$210	\$1,090
Jun-18	 腾讯	 VIP KID	EdTech 	\$500	\$3,000
Jun-18	Fidelity Management and Research Company	 lyft	eCommerce 	\$600	\$14,500



## 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 Transactions

<p><b>NATIVE</b></p> <p>has been acquired by</p> <p><b>P&amp;G</b></p> <p>Advisor to Native</p>	<p><b>mercury</b></p> <p>a portfolio company of</p> <p><b>EOS</b></p> <p>has completed a debt financing with</p> <p><b>CALLIDUS CAPITAL</b></p> <p>Advisor to Mercury Media</p>	<p><b>BEAR DOWN BRANDS</b></p> <p>owner of</p> <p><b>pure B bentgo</b></p> <p>has received an investment from</p> <p><b>tOspin</b></p> <p>Topspin Partners</p> <p>Advisor to Bear Down</p>	<p><b>adexchange</b></p> <p>has completed a growth financing with</p> <p><b>UnionBank</b></p> <p>Advisor to Ad Exchange Group</p>	<p><b>THRESHOLD INTERACTIVE</b></p> <p>has been acquired by</p> <p><b>ZEALOT</b></p> <p>Advisor to Threshold Interactive</p>
<p><b>P</b></p> <p>Pitch, Inc.</p> <p>has been acquired by</p> <p><b>PROJECT: WORLDWIDE</b></p> <p>Advisor to Pitch, Inc.</p>	<p><b>lrw</b></p> <p>Lieberman Research Worldwide</p> <p>has obtained a majority investment from</p> <p><b>TAILWIND CAPITAL</b></p> <p>Advisor to Lieberman Research Worldwide</p>	<p><b>AIRSOFT MEGASTORE</b></p> <p>has completed a recapitalization with</p> <p><b>JAYTS, LLC</b></p> <p>Advisor to Airsoft Megastore</p>	<p><b>revi media</b></p> <p>has received \$12,500,000 in growth capital from</p> <p><b>NEWSPRING CAPITAL</b></p> <p>Advisor to ReviMedia*</p>	<p><b>X5 MUSIC GROUP</b></p> <p>has been acquired by</p> <p><b>WARNER MUSIC GROUP</b></p> <p>Advisor to X5 Music*</p>
<p><b>zoominTV</b></p> <p>has been acquired by</p> <p><b>MTG</b></p> <p>Advisor to Zoomin.TV*</p>	<p><b>PunchTab</b></p> <p>has been acquired by</p> <p><b>@WalmartLabs</b></p> <p>Advisor to PunchTab*</p>	<p><b>countdown MEDIA</b></p> <p>has been acquired by</p> <p><b>bugmusic</b></p> <p>Advisor to Countdown Media*</p>	<p><b>D dedicated media</b></p> <p>has been acquired by</p> <p><b>lin media</b></p> <p>Advisor to Dedicated Media*</p>	<p><b>wu</b></p> <p>WEATHER UNDERGROUND</p> <p>has been acquired by</p> <p><b>The Weather Channel</b></p> <p>Advisor to Weather Underground*</p>

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



## Digital Media Team



**Brandon Quartararo**

Senior Vice President  
*Head of Digital Media*  
bquartararo@intrepidib.com



**Grady McConnell**

Vice President  
gmcconnell@intrepidib.com



**Greg Passani**

Associate  
gpassani@intrepidib.com



**Ryan Makis**

Associate  
rmakis@intrepidib.com



**Connor Denney**

Analyst



**Austin Ho**

Analyst



**Alex Herrera**

Analyst

### 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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11755 Wilshire Blvd., 22<sup>nd</sup> Floor, Los Angeles, CA 90025 T 310.478.9000 F 310.478.9004 Member FINRA/SIPC