



DIGITAL MEDIA

Digital Media M&A Report – Q3'18

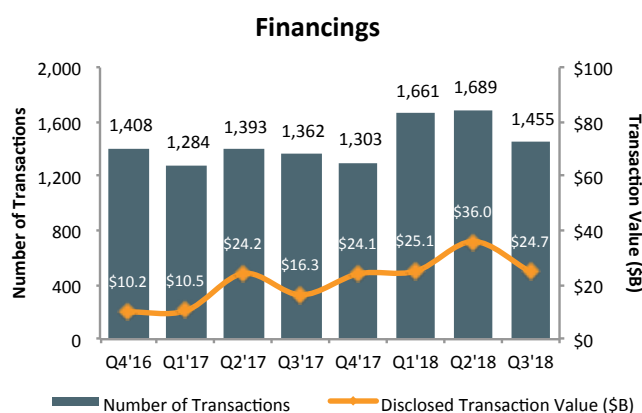
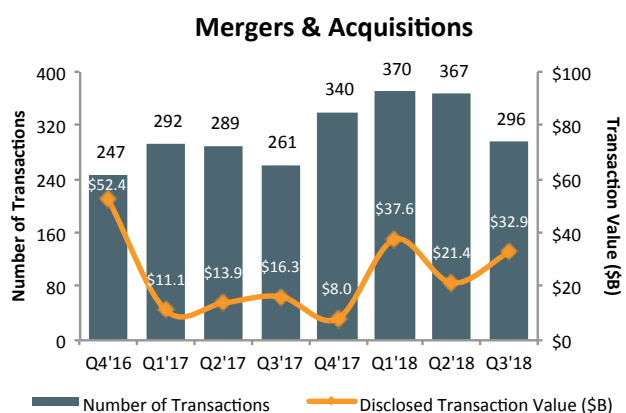
Record Year for Digital Media Continues Through Q3'18

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While M&A and financing activity across the Digital Media space slowed in Q3'18 after a record start to the year, the market witnessed growth in activity versus the same period in 2017. Compared to Q3'17, we saw the number of disclosed M&A transactions grow by 13%, while disclosed M&A transaction value more than doubled. Financings also grew nearly 7%, with disclosed financing value increasing more than 50% over Q3'17. Key industry trends driving investments and acquisitions include:

- Increased financing activity in China-based targets and robust M&A activity in the U.S.;
- Continued growth in firms enabling the shift to eCommerce and digital delivery models, including delivery networks, marketplaces and payment processing platforms; and
- Resurgence in activity from global hedge fund and equity sponsors.

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

Director

Head of Digital Media

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Recently Closed Transactions and Industry News

LetGo Raises \$500 Million From Naspers

LetGo, a pioneer in the second-hand goods market with an app-based platform, has raised \$500 million in growth funding from South African media and eCommerce conglomerate Naspers, likely at a value north of its \$1 billion valuation from its prior \$100 million round in September 2017. The additional funds should help LetGo fuel its growth and may be used for strategic acquisitions, as the platform competes with the likes of eBay, Craigslist, Facebook, and OfferUp in the increasingly competitive second-hand goods market. LetGo previously acquired and merged with Wallapop in 2016, which served as a critical step to gaining initial scale.



Walmart Continues eCommerce Acquisition Spree With \$16 Billion Investment in Flipkart

In August, Walmart completed a majority investment in Indian eCommerce giant Flipkart for \$16 billion, reflecting another significant M&A maneuver as Walmart continues to battle Amazon and Alibaba for international retail dominance. The investment yields Walmart 77% ownership, while adding \$2 billion to Flipkart's balance sheet to fuel growth ahead of an anticipated public offering. Executives from Tencent and Tiger Global expect to retain active board seats following the investment. In addition to gaining additional retail market share in a large, growing economy, Walmart hopes to tap into Flipkart as a source of innovative technologies, such as AI.



Viacom Integrates AwesomenessTV

After reaching valuations in excess of \$650 million, AwesomenessTV surprised the entertainment industry when it ultimately sold to Viacom in July for a figure rumored to be just north of \$50 million. Immediately following the acquisition, Viacom initiated significant cost cuts to the target, including laying off nearly 100 people, which reflected approximately half of the workforce. Viacom executives are confident they landed a long-term asset at a highly compelling value, with AwesomenessTV providing access to, and substantial brand equity with, Gen-Z viewers to complement Viacom's MTV and Nickelodeon assets.



Stripe Reaches \$20 Billion Valuation With Latest Investment Round, Led by Tiger Global

In September, Stripe, which provides disruptive digital payment processing infrastructure for businesses, raised \$245 million of capital in its Series E round at a \$20 billion valuation. Tiger Global Management led the round, along with existing investors Andreessen Horowitz, Kleiner Perkins, Khosla Ventures, General Catalyst and Thrive Capital, as well as new investors such as DST Global and Sequoia. Stripe plans to use additional funds to continue hiring engineers, and has no plans for a public offering in the near future.

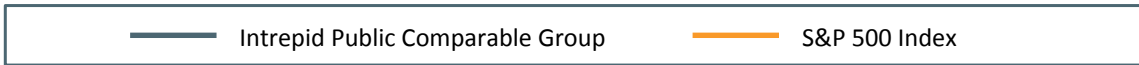


Apple Completes \$400 Million Shazam Acquisition

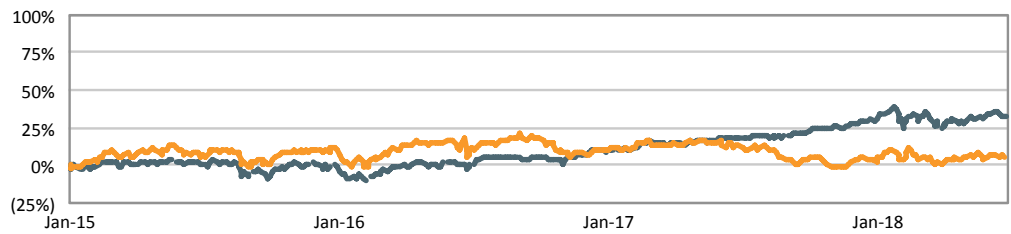
After a year of negotiations and diligence, Apple closed its acquisition of music recognition Shazam in September for \$400 million. Apple is integrating the app into its iPhone and iPad user experience as an add-free tool that integrates with Siri. Shazam complements Apple's long-term focus on music experience and will enhance Apple's differentiation in its multi-front competitive battle against mobile platforms such as Alphabet's Android, as well as music platforms that compete with Apple Music, such as Spotify and Pandora, which were rumored to be in the running for Shazam.



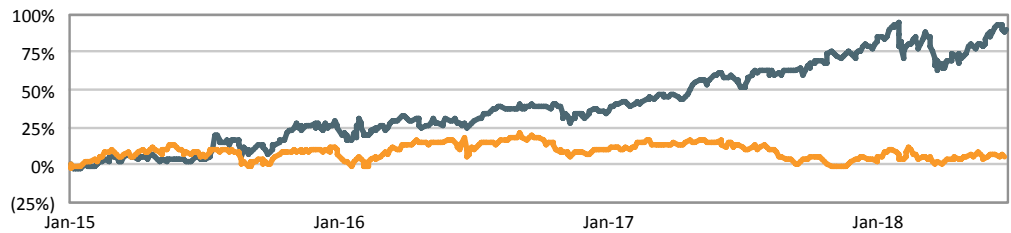
Publicly Traded Companies – Stock Valuation Trends



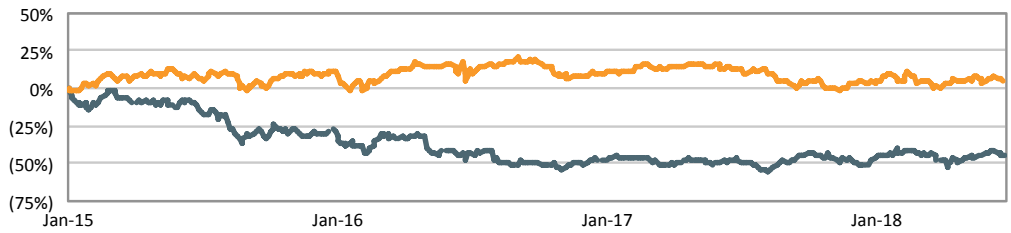
Large Cap Advertising Technology



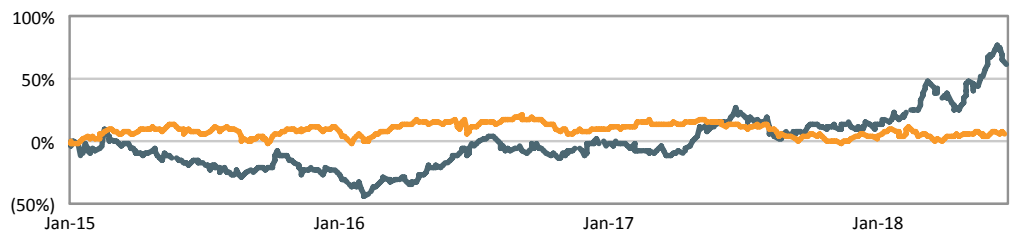
Small Cap Advertising Technology



Content



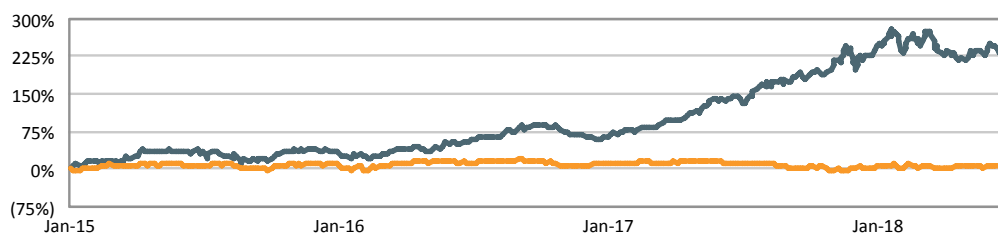
Diversified Marketing



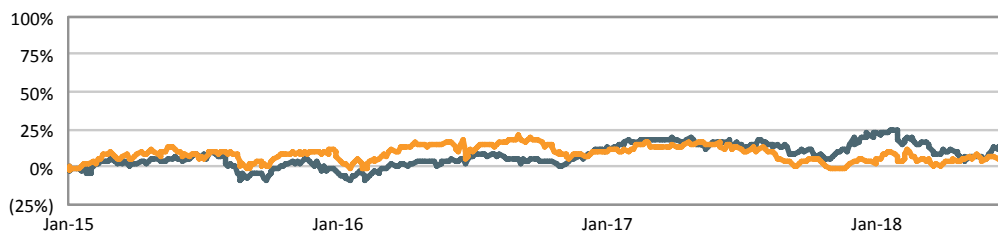
Publicly Traded Companies – Stock Valuation Trends (cont'd)



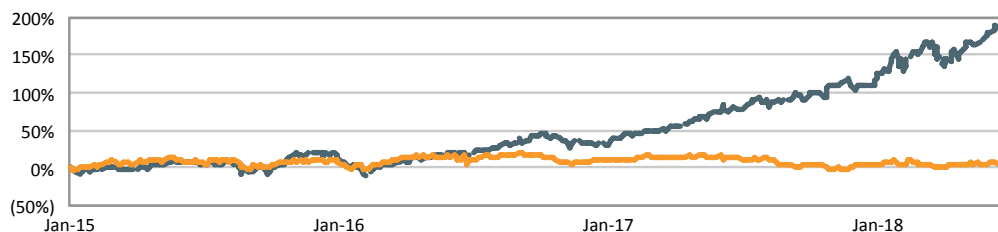
eCommerce






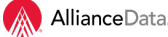








Gaming



Internet Content




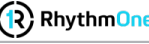






Publicly Traded Companies – Large Cap Advertising Technology

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 PROJECT	\$3.60	73.6%	\$77	\$182	\$97	\$0	\$120	(\$55)	47.7%	0.6x
 PERION	3.01	74.3%	84	78	41	40	266	20	41.5%	0.3x
 MATOMY MEDIA GROUP	0.40	36.6%	65	39	14	40	177	10	19.9%	0.4x
 RHYTHMONE	2.90	75.5%	240	227	37	50	255	6	40.7%	0.9x
 QUIN STREET	13.57	76.5%	601	666	71	0	404	21	14.7%	1.5x
 TELARIA	3.79	71.5%	135	200	71	0	50	(14)	90.0%	2.7x
 MARIN SOFTWARE	3.20	27.2%	5	19	13	2	66	(25)	52.8%	0.1x
 MARCHEX	2.78	75.8%	38	114	79	0	86	(1)	44.3%	0.4x



Top Quartile:	1.4x
Median:	0.5x
Mean:	0.9x
Adj. Mean:	0.7x
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	\$35.41	80.5%	\$223,492	\$162,246	\$10,616	\$72,884	\$87,179	\$28,388	69.0%	2.6x
The  Company	116.94	97.3%	198,385	173,918	4,150	20,874	57,906	17,423	25.0%	3.4x
 at&Time Warner	33.58	85.4%	423,213	243,858	8,701	185,122	158,368	45,451	52.8%	2.7x
 21ST CENTURY FOX	46.33	92.4%	99,322	85,423	7,083	19,251	30,400	6,905	35.1%	3.3x
 SONY	61.38	99.1%	75,105	77,881	21,244	11,500	77,862	9,737	27.7%	1.0x
 CBS CORPORATION	57.45	93.3%	31,224	21,626	182	9,853	14,319	3,112	37.5%	2.2x
 SBG SINGSTAR BROADCAST GROUP	38.43	87.9%	5,461	3,368	888	2,924	1,873	542	55.6%	2.9x
 VIACOM	33.76	95.0%	23,208	13,739	1,557	10,082	12,777	2,918	46.9%	1.8x
 Discovery COMMUNICATIONS	32.00	91.7%	41,823	21,823	571	17,482	8,667	2,945	61.4%	4.8x
 Tribune Media	28.35	70.6%	5,758	2,900	1,023	3,902	2,850	757	50.9%	2.0x
 axel springer	66.92	79.6%	9,405	7,221	279	1,810	4,258	732	38.8%	2.2x
 News Corporation	13.19	76.3%	8,922	7,798	1,934	1,884	9,024	862	46.3%	1.0x
 LIONSGATE	24.39	66.9%	7,387	5,076	372	2,643	4,057	454	45.5%	1.8x
 meredith	51.05	70.7%	5,504	2,283	144	2,937	2,247	418	62.1%	2.4x
 GANNETT	10.01	80.9%	1,258	1,131	109	338	3,052	298	38.3%	0.4x
 tribune PUBLISHING	16.33	66.0%	414	579	98	7	1,532	106	57.7%	0.3x


















Top Quartile:	2.9x
Median:	2.2x
Mean:	2.2x
Adj. Mean:	2.1x
Bottom Quartile:	1.2x

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%	
WPP	\$14.67	77.6%	\$24,885	\$18,301	\$2,931	\$9,042	\$19,935	\$3,036	20.4%	1.2x
OmnicomGroup	68.02	81.6%	19,024	15,262	2,106	4,952	15,385	2,352	18.3%	1.2x
 nielsen	27.66	70.5%	18,286	9,825	451	8,611	6,659	1,657	57.2%	2.7x
 Experian	25.71	100.6%	26,437	23,201	182	3,612	4,741	1,449	42.2%	5.6x
PUBLICIS GROUPE	59.81	83.1%	17,384	13,795	2,114	5,719	10,844	1,996	39.5%	1.6x
EQUIFAX	130.57	94.1%	18,084	15,722	253	2,633	3,416	983	59.4%	5.3x
dentsu	46.44	91.6%	15,301	13,091	2,206	4,293	8,760	1,609	92.8%	1.7x
 IPG	22.87	87.9%	10,520	8,777	1,860	3,344	8,095	1,166	35.3%	1.3x
HakuhodoDY holdings	17.56	96.5%	5,475	6,551	1,407	902	12,250	660	22.0%	0.4x
STRÖER	57.02	75.4%	5,271	3,190	127	2,151	1,739	307	33.2%	3.0x
 LiveRamp <small>an acision company</small>	49.41	95.9%	3,971	3,837	87	226	933	95	50.7%	4.3x
MDCPartners	4.15	34.9%	1,437	238	25	988	1,485	162	32.4%	1.0x
CHEIL worldwide	19.50	94.4%	1,571	1,975	421	12	3,234	182	29.5%	0.5x
M&CSAATCHI	4.83	87.6%	419	417	48	42	456	30	20.3%	0.9x










Top Quartile:	3.3x
Median:	1.5x
Mean:	2.2x
Adj. Mean:	2.1x
Bottom Quartile:	1.0x

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%	
	\$2,003.00	97.7%	\$995,685	\$976,946	\$29,765	\$47,219	\$208,125	\$20,631	39.9%	4.8x
	164.76	77.8%	428,653	423,751	26,429	20,122	42,451	12,746	49.4%	10.1x
	1984.00	89.0%	95,615	94,184	7,131	8,709	13,702	5,463	99.6%	7.0x
	374.13	88.4%	167,353	162,918	3,068	8,337	13,879	1,440	39.5%	12.1x
	33.02	70.3%	37,909	32,675	4,838	9,248	10,065	3,001	76.9%	3.8x
	130.48	93.4%	20,773	19,500	3,378	3,727	10,673	1,158	82.5%	1.9x
	22.21	88.7%	17,348	10,196	532	7,357	12,188	1,824	34.9%	1.4x
	340.47	81.5%	14,956	15,034	1,096	696	1,501	35	51.7%	10.0x
	51.53	76.8%	12,095	11,969	275	400	1,806	727	48.7%	6.7x
	136.61	79.5%	5,237	4,220	48	1,008	2,593	265	50.4%	2.0x
	138.62	92.8%	12,180	12,540	311	296	840	175	49.8%	14.5x
	226.20	79.2%	3,905	4,107	78	81	521	205	80.2%	7.5x
	54.58	97.9%	1,618	1,908	206	0	602	47	57.0%	2.7x
	51.38	92.2%	5,862	6,153	584	280	496	76	67.1%	11.8x
	11.80	78.7%	717	762	27	100	1,152	75	42.1%	0.6x
	15.50	97.0%	1,267	1,474	329	153	351	16	49.2%	3.6x
	27.13	32.2%	732	804	182	4	1,809	(136)	19.6%	0.4x
	11.85	56.0%	126	146	16	0	111	7	88.5%	1.1x






Top Quartile:	10.0x
Median:	4.3x
Mean:	5.7x
Adj. Mean:	5.4x
Bottom Quartile:	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%	
 Tencent 腾讯	\$41.30	67.9%	\$399,883	\$390,589	\$21,015	\$25,288	\$42,119	\$16,287	47.1%	9.5x
 ACTIVISION BLIZZARD	83.19	98.2%	62,847	63,425	3,424	2,670	7,268	2,242	65.3%	8.6x
 EA	120.49	79.7%	32,750	36,728	4,545	993	4,838	1,132	73.5%	6.8x
 NCSOFT	398.64	90.9%	7,259	8,471	1,319	139	1,953	815	89.5%	3.7x
 UBISOFT	108.54	88.3%	12,686	12,049	1,227	1,623	2,196	348	83.7%	5.8x
 DeNA	17.69	69.2%	1,712	2,569	939	0	1,235	356	57.5%	1.4x
 GungHo	4.01	87.7%	3,057	3,449	420	0	883	78	68.0%	3.5x
 zynga	2.06	57.0%	932	1,466	557	3	775	253	55.6%	1.2x
 GREE	4.72	69.0%	345	1,113	745	0	703	97	58.9%	0.5x






















Top Quartile:	8.2x
Median:	4.7x
Mean:	5.1x
Adj. Mean:	5.0x
Bottom Quartile:	1.9x

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	\$44.20	67.6%	\$8,440	\$8,945	\$1,643	\$715	\$1,189	\$78	91.3%	7.1x
xo group/	34.48	96.2%	751	868	123	0	162	23	94.3%	4.6x
 DHI	2.10	64.6%	122	113	5	17	188	27	87.6%	0.6x
 TechTarget®	19.42	56.3%	529	536	32	25	117	22	76.1%	4.5x
 Care.com®	22.11	96.3%	629	691	120	0	182	13	78.9%	3.5x
 eHealth®	28.26	77.3%	511	542	20	0	172	(30)	98.6%	3.0x

Top Quartile:	5.2x
Median:	4.0x
Mean:	3.9x
Adj. Mean:	3.9x
Bottom Quartile:	2.4x

Recently Closed Transactions

Close Date	Acquiror	Target	Segment	Enterprise Value (\$M)	EV / Revenue
Aug-18	 Walmart	 Flipkart	eCommerce 	\$16,000	4.5x
Jul-18	 STARS GROUP	 sky BETTING & GAMING	Content 	\$3,578	N/A
Aug-18	 AT&T	 AppNexus	AdTech 	\$2,000	N/A
Aug-18	 IHS Markit	 IPREO	AdTech 	\$1,855	N/A
Aug-18	 workday	 Adaptive Insights	FinTech 	\$1,600	13.6x
Jun-18	 Alibaba Group	 trendyol.com	eCommerce 	\$750	N/A
Sep-18	 playtech <small>SOURCE OF SUCCESS</small>	 SNAITECH	Content 	\$750	N/A
Jul-18	 betfair	 FANDUEL	Content 	\$465	N/A
Jul-18	 MORNEAU SHEPELL	 LifelWorks	Content 	\$426	N/A
Dec-17	 Apple	 SHAZAM	Content 	\$400	7.3x
Aug-18	 SCOUT 24	 FINANZCHECK.DE	FinTech 	\$333	N/A
Jul-18	 iQIYI 爱奇艺	 SKYMOONS	Content 	\$298	N/A
Aug-18	 stamps.com	 MetaPack	eCommerce 	\$220	N/A
Sep-18	 DCC	 JAM	MarTech 	\$171	0.8x
Aug-18	 falabella.	 LINIO	eCommerce 	\$138	N/A

Recently Closed Financings

Close Date	Lead Investor(s)	Target	Segment	Transaction Size	Pre-Money Valuation
Aug-18	 TOYOTA		eCommerce 	\$2,000	\$9,000
Sep-18			VR / AR 	\$1,000	\$4,350
Jun-18	 ACCESS TECHNOLOGY VENTURES		eCommerce 	\$325	\$1,750
Jul-18	 Tencent  GENERAL ATLANTIC 		Content 	\$596	\$3,491
Sep-18			eCommerce 	\$578	\$2,422
Jul-18			eCommerce 	\$500	N/A
Aug-18			eCommerce 	\$500	N/A
Aug-18	 		eCommerce 	\$500	N/A
Sep-18			EdTech 	\$450	\$710
Sep-18	 		eCommerce 	\$450	N/A
Aug-18	 		Content 	\$427	\$6,700
Sep-18	 		FinTech 	\$400	\$4,000
Aug-18			FinTech 	\$375	N/A
Aug-18			FinTech 	\$356	\$10,644
Jul-18			EdTech 	\$350	N/A

Core Practice Coverage Verticals

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

Select Transactions

<p>NATIVE</p> <p>has been acquired by</p>  <p>Advisor to Native</p>	<p></p> <p>a portfolio company of</p> <p></p> <p>has completed a debt financing with</p> <p></p> <p>Advisor to Mercury Media</p>	<p></p> <p>owner of</p> <p></p> <p>has received an investment from</p> <p></p> <p>Topspin Partners</p> <p>Advisor to Bear Down</p>	<p></p> <p>has completed a growth financing with</p> <p></p> <p>Advisor to Ad Exchange Group</p>	<p></p> <p>has been acquired by</p> <p></p> <p>Advisor to Threshold Interactive</p>
<p></p> <p>Pitch, Inc.</p> <p>has been acquired by</p> <p></p> <p>Advisor to Pitch, Inc.</p>	<p></p> <p>has obtained a majority investment from</p> <p></p> <p>Advisor to Lieberman Research Worldwide</p>	<p></p> <p>has completed a recapitalization with</p> <p>JAYTS, LLC</p> <p>Advisor to Airsoft Megastore</p>	<p></p> <p>has received \$12,500,000 in growth capital from</p> <p></p> <p>Advisor to ReviMedia*</p>	<p></p> <p>has been acquired by</p> <p></p> <p>Advisor to X5 Music*</p>
<p></p> <p>has been acquired by</p> <p></p> <p>Advisor to Zoomin.TV*</p>	<p></p> <p>has been acquired by</p> <p></p> <p>Advisor to PunchTab*</p>	<p></p> <p>has been acquired by</p> <p></p> <p>Advisor to Countdown Media*</p>	<p></p> <p>has been acquired by</p> <p></p> <p>Advisor to Dedicated Media*</p>	<p></p> <p>has been acquired by</p> <p></p> <p>Advisor to Weather Underground*</p>

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



Digital Media Team



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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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