



Digital Media M&A Report – Q4'18

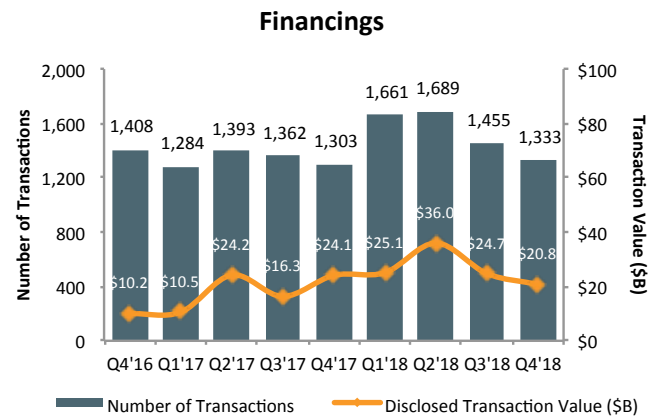
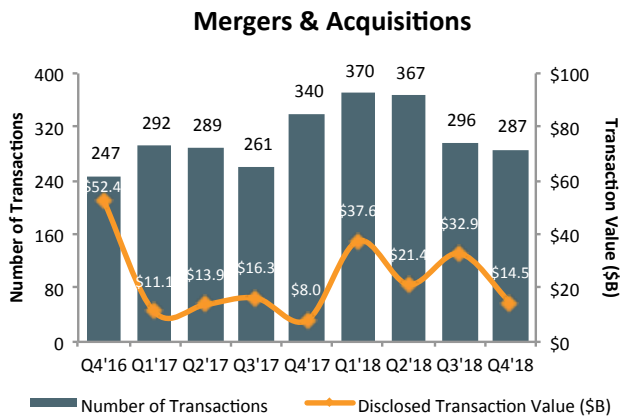
2018 Was a Record Year for Digital Media

2018 Was a Record Year for Digital Media

While M&A and financing activity across the Digital Media sector remained relatively flat in Q4'18, the market witnessed growth in activity versus the same period in 2017. Compared to Q4'17, we saw the number of disclosed M&A transactions decrease by 16%, while disclosed M&A transaction value grew by 82%. The number of financings remained stable and disclosed financing value decreased by 14% in Q4'18. Key industry trends driving investments and acquisitions included:

- Increased financing and M&A activity in U.S.-based targets;
- Continued growth in firms enabling the shift to eCommerce and digital delivery models, including delivery networks, marketplaces and payment processing platforms; and
- A resurgence of activity in, and focus on fintech companies.

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

Epic Games Raises \$1.25 Billion From KKR and Others

Epic Games, the creator of the popular video game Fortnite raised \$1.25 billion in funding from new investors, such as KKR & Co., Iconiq Capital, and Smash Ventures as well as current investors Tencent and Disney. Fortnite, a “last-man-standing” battle-royale style game, has captured tens of millions of users since its initial release in 2017, while generating substantial profits through a system of in-game purchases. The new investment round values Epic Games at approximately \$13.75 billion pre-money and \$15 billion post-money—a considerable increase over its prior investment round in 2012, which valued the business at less than \$500 million on a pre-money basis.

KKR



Grubhub Completes Acquisition of LevelUp for \$390 Million

Grubhub (NYSE:GRUB), the nation’s leading online and mobile food-ordering marketplace, announced its acquisition of LevelUp, a provider of mobile engagement and payment solution software, for \$390 million. LevelUp had grown revenue approximately 50% over the prior year and is rumored to have been at a revenue run-rate of \$30 million to \$40 million at the time of acquisition, implying a run-rate revenue multiple of approximately 11x. Grubhub shares surged following the acquisition, as the company expects to leverage LevelUp’s capabilities to integrate large chains such as KFC and Taco Bell into its marketplace.

GRUBHUB



PayPal Completes Acquisition of Hyperwallet for \$400 million

In November, PayPal continued its acquisition spree with the purchase of Hyperwallet Systems, which enables payouts to sellers and merchants. With the acquisition, PayPal seeks to capitalize on Hyperwallet’s specialization in payments that address the growing gig economy, providing frictionless transactions to marketplaces in the ridesharing and peer-to-peer home rental ecosystems. While PayPal currently offers payment services for marketplaces such as Uber and Airbnb, Hyperwallet is expected to yield additional reach across more than 200 countries, bringing expanded capabilities in payment processing and offering access to a valuable customer base, which includes Expedia and HomeAway.



Tiger Global Invests \$300 Million in Coinbase

In October, Coinbase, a digital currency exchange headquartered in San Francisco, Calif., raised a \$300 million Series E equity round valuing the company at more than \$8 billion. Tiger Global, a private investment fund aimed at the consumer internet industry and emerging technology companies, led the round. Coinbase will use this financing to accelerate global expansion in regulated markets, increase its offering of more crypto assets, create utility applications for crypto and bring institutions into the crypto market by adding more features. Coinbase was most recently valued at \$1.6 billion following a \$100 million round in August 2017.

TIGERGLOBAL

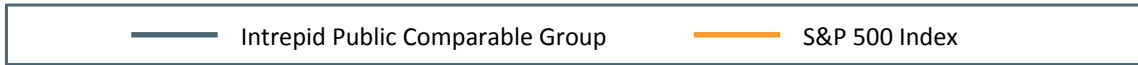
coinbase

LendingTree Acquires QuoteWizard.com for \$370 Million

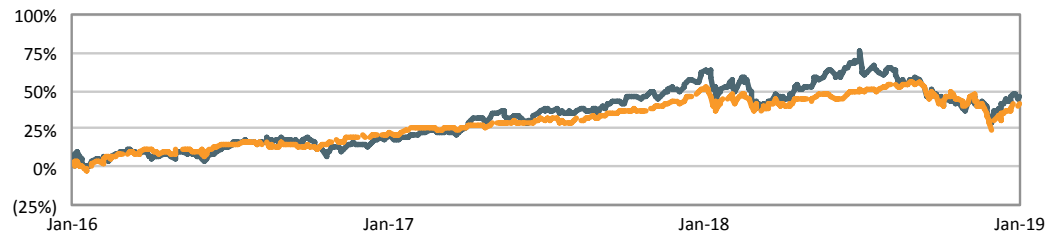
Online financial services marketplace LendingTree has completed its acquisition of QuoteWizard, one of the largest online insurance comparison marketplaces. The purchase price includes \$300 million in cash at close and contingent payments of up to \$70 million over a three-year period, implying a revenue multiple of 2.4x and EBITDA multiple of 14.5x, including an earnout consideration. The acquisition will establish LendingTree as a leading player in the online insurance advertising industry. QuoteWizard helps consumers shop for auto, home, and health insurance from over 30 carriers and 10,000 agencies, such as AIG, Travelers, Farmers, and MetLife.



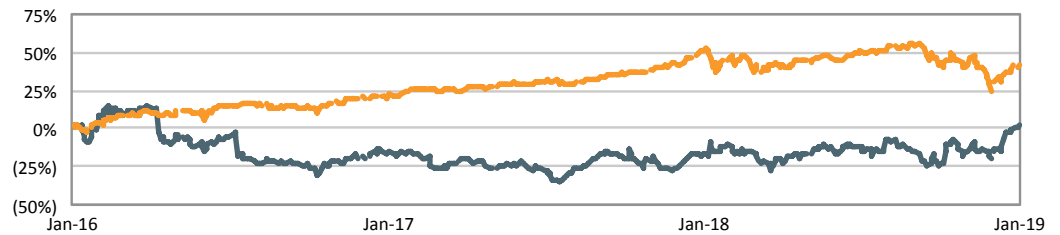
Publicly Traded Companies – Stock Valuation Trends



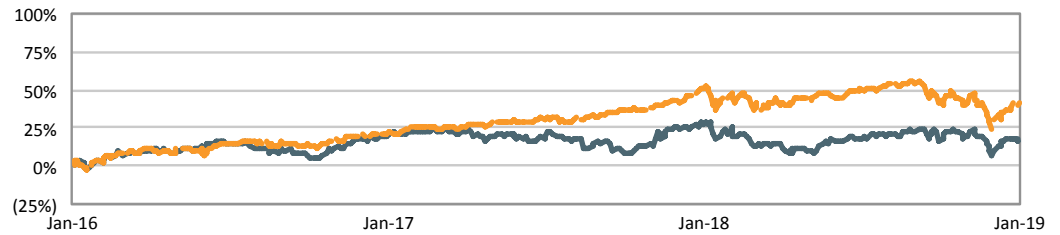
Large Cap Advertising Technology



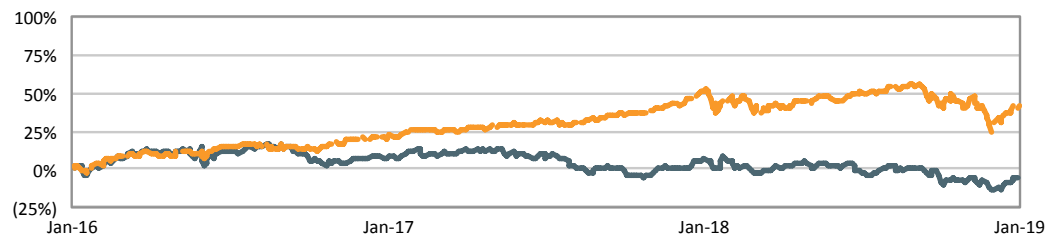
Small Cap Advertising Technology



Content



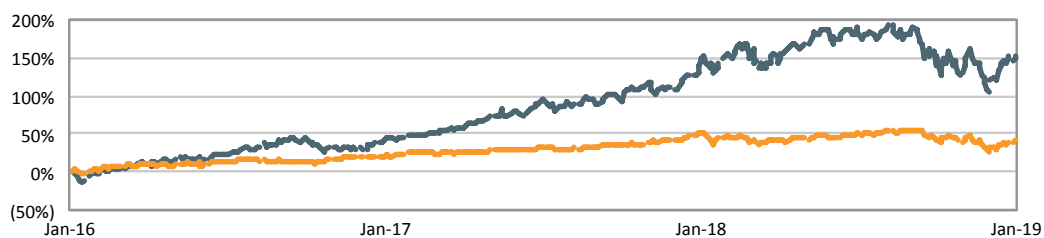
Diversified Marketing



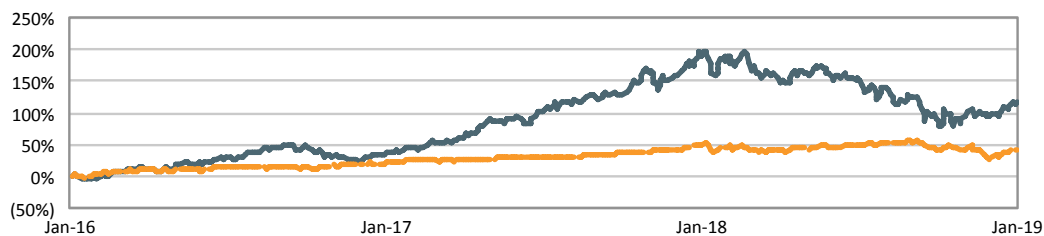
Publicly Traded Companies – Stock Valuation Trends (cont'd)



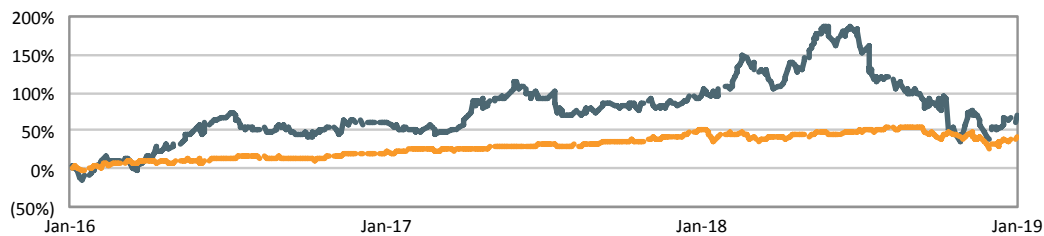
eCommerce














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%	
	\$1,207.08	95.9%	\$621,035	\$723,465	\$106,416	\$3,986	\$129,866	\$39,334	57.0%	4.8x
	56.22	91.3%	345,611	232,302	2,745	113,063	130,863	44,272	57.6%	2.6x
	131.09	60.0%	335,589	376,725	41,114	500	55,838	29,228	83.2%	6.0x
	150.08	59.8%	29,202	8,175	3,601	24,628	7,842	1,786	25.1%	3.7x
	28.74	60.1%	18,558	21,806	5,957	2,708	2,865	674	68.1%	6.5x
	183.04	81.9%	16,202	15,286	1,880	1,998	4,109	714	79.1%	3.9x
	109.59	67.8%	14,204	16,020	3,800	1,337	4,807	1,112	100.0%	3.0x
	27.35	61.5%	8,207	8,872	1,427	319	1,782	434	73.6%	4.6x
	34.11	73.4%	7,299	8,206	2,487	1,295	1,888	(8)	37.0%	3.9x
	116.06	71.9%	4,852	5,019	166	0	419	96	76.2%	11.6x
	22.72	62.0%	1,096	1,530	459	5	2,304	250	36.7%	0.5x
















Top Quartile:	6.0x
Median:	3.9x
Mean:	4.6x
Adj. Mean:	4.3x
Bottom Quartile:	3.0x

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%	
 cheetahmobile	\$6.11	39.0%	\$455	\$857	\$527	\$0	\$726	\$113	70.5%	0.6x
 QUIN STREET	16.23	81.9%	729	800	71	0	430	25	14.7%	1.7x
 RhythmOne	2.42	68.2%	178	190	22	9	316	15	44.2%	0.6x
 rubicon	3.73	76.3%	92	188	97	0	115	(53)	47.7%	0.8x
 telaria	2.73	52.9%	46	116	71	0	51	(12)	90.0%	0.9x
 MARCHEX	2.65	65.3%	31	110	79	0	84	(1)	44.3%	0.4x
 Perion	2.60	64.2%	66	67	41	40	258	21	41.5%	0.3x
 Marin SOFTWARE	5.31	44.3%	19	31	13	2	60	(25)	52.8%	0.3x
 MATOMY MEDIA GROUP	0.07	7.8%	32	7	11	36	153	7	19.2%	0.2x










Top Quartile:	0.8x
Median:	0.6x
Mean:	0.6x
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%	
 at&Time Warner	\$28.54	73.1%	\$385,258	\$207,714	\$5,204	\$176,505	\$170,756	\$56,326	53.5%	2.3x
 COMCAST	34.05	80.8%	219,318	154,911	3,814	111,743	94,507	30,024	68.6%	2.3x
 The Walt Disney Company	109.65	91.2%	185,139	163,233	4,150	20,874	59,434	17,848	44.9%	3.1x
 21ST CENTURY FOX	48.12	96.0%	102,960	89,015	7,083	19,251	30,575	6,995	35.1%	3.4x
 SONY	48.54	76.2%	57,522	61,616	21,244	11,500	77,106	9,809	27.7%	0.7x
 Discovery COMMUNICATIONS	24.74	70.9%	36,070	17,042	571	17,482	9,608	3,217	61.4%	3.8x
 CBS CORPORATION	43.72	73.4%	26,036	16,365	182	9,853	14,411	3,138	37.5%	1.8x
 VIACOM	25.70	74.3%	19,287	10,458	1,557	10,082	12,943	3,008	46.9%	1.5x
 axel springer	56.81	67.0%	8,170	6,130	279	1,810	4,260	718	38.8%	1.9x
 News Corporation	11.35	67.4%	7,799	6,680	1,934	1,884	9,490	1,017	46.3%	0.8x
 Tribune Media	45.38	98.7%	6,022	3,980	888	2,924	1,920	557	55.6%	3.1x
 LIONSGATE	16.10	46.3%	5,704	3,298	372	2,643	4,017	476	45.5%	1.4x
 meredith	51.94	83.2%	5,701	2,380	144	2,937	2,611	491	62.1%	2.2x
 SBG SINCLAIR BROADCAST GROUP	26.34	70.1%	5,403	2,562	1,023	3,902	2,972	813	50.9%	1.8x
 GANNETT	8.53	71.1%	1,194	965	109	338	3,020	301	38.3%	0.4x
 tribune	11.34	45.8%	353	404	98	7	1,552	103	57.7%	0.2x



















Top Quartile:	2.9x
Median:	1.9x
Mean:	1.9x
Adj. Mean:	1.9x
Bottom Quartile:	1.0x

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%	
 Experian	\$24.28	93.0%	\$25,238	\$21,877	\$182	\$3,612	\$4,819	\$1,469	42.3%	5.2x
OmnicomGroup	73.24	87.9%	20,052	16,413	2,106	4,952	15,380	2,352	18.3%	1.3x
WPP	10.79	55.9%	20,048	13,615	2,931	9,042	19,935	3,036	20.4%	1.0x
PUBLICIS GROUPE	57.34	79.0%	16,761	13,224	2,114	5,719	10,844	1,996	39.5%	1.5x
 nielsen	23.33	60.6%	16,640	8,282	451	8,611	6,618	1,610	57.2%	2.5x
 EQUIFAX	93.13	67.1%	13,665	11,229	253	2,633	3,415	851	59.4%	4.0x
 dentsu	44.71	85.7%	10,850	12,603	2,206	4,293	8,784	1,563	92.8%	1.2x
 IPG	20.63	79.3%	9,605	7,929	1,860	3,344	8,158	1,191	35.3%	1.2x
HakuhodoDY holdings	14.36	76.7%	5,144	5,355	1,407	902	12,226	665	22.0%	0.4x
 STRÖER	49.03	64.4%	4,758	2,743	127	2,151	1,828	326	33.2%	2.6x
 LiveRamp <small>an acision company</small>	38.63	75.0%	2,767	2,627	87	226	944	90	50.7%	2.9x
 Cheil	20.21	93.2%	1,648	2,047	421	12	3,234	192	29.5%	0.5x
MDC Partners	2.61	26.5%	1,327	150	25	988	1,485	148	32.4%	0.9x
 M&CSAATCHI	3.68	65.4%	323	320	48	43	456	30	20.3%	0.7x










Top Quartile:	2.7x
Median:	1.3x
Mean:	1.9x
Adj. Mean:	1.7x
Bottom Quartile:	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%	
	\$1,501.97	73.2%	\$751,870	\$734,416	\$41,250	\$23,495	\$232,887	\$27,762	40.2%	3.2x
	137.07	64.7%	356,970	352,534	29,165	19,782	50,203	12,558	47.0%	7.1x
	267.66	63.2%	121,992	116,723	3,794	10,360	15,794	1,688	36.9%	7.7x
	1722.42	77.3%	81,377	79,799	7,131	8,709	14,117	5,628	99.6%	5.8x
	28.07	60.7%	31,437	27,027	4,915	9,241	10,746	3,004	77.8%	2.9x
	112.65	80.6%	18,691	16,782	3,378	3,727	10,983	1,283	82.5%	1.7x
	19.52	78.0%	15,688	8,742	532	7,357	13,038	1,844	34.9%	1.2x
	292.85	70.1%	12,838	13,238	1,096	696	1,551	(3)	51.7%	8.3x
	47.78	71.2%	11,261	11,181	320	400	1,848	725	47.4%	6.1x
	76.81	51.4%	6,952	6,967	311	296	925	187	49.8%	7.5x
	47.57	81.6%	5,426	5,730	584	280	540	86	67.1%	10.0x
	103.42	60.2%	4,253	3,197	48	1,196	2,682	270	49.7%	1.6x
	155.64	54.5%	2,820	2,817	78	81	549	219	80.2%	5.1x
	36.01	64.6%	1,055	1,262	206	0	613	48	57.0%	1.7x
	12.23	73.4%	858	785	258	98	1,209	81	42.2%	0.7x
	10.68	66.9%	841	1,017	329	153	373	19	49.2%	2.3x
	15.00	23.5%	346	437	182	4	1,825	(171)	19.6%	0.2x
	9.83	46.5%	103	119	16	0	111	8	88.5%	0.9x






Top Quartile:	7.2x
Median:	3.1x
Mean:	4.1x
Adj. Mean:	4.0x
Bottom Quartile:	1.5x

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	\$40.10	66.2%	\$387,516	\$379,118	\$21,015	\$25,288	\$42,829	\$16,048	47.1%	9.0x
 ACTIVISION BLIZZARD	46.57	55.0%	34,781	35,535	3,424	2,670	7,162	2,148	65.3%	4.9x
 EA	78.91	52.2%	20,289	23,841	4,545	993	5,165	1,438	73.5%	3.9x
 NCSOFT	419.04	90.7%	7,738	8,905	1,319	139	1,666	646	89.0%	4.6x
 UBISOFT	80.70	65.1%	9,259	8,869	1,227	1,623	2,362	350	83.7%	3.9x
 zynga	3.93	86.0%	2,967	3,387	420	0	892	69	68.0%	3.3x
 :DeNA	16.72	75.5%	1,532	2,430	939	0	1,183	333	57.5%	1.3x
 GungHo	1.82	49.0%	752	1,297	557	3	741	209	55.6%	1.0x
 GREE	3.96	57.2%	164	935	745	0	656	84	58.9%	0.2x













































Top Quartile:	4.8x
Median:	3.9x
Mean:	3.6x
Adj. Mean:	3.3x
Bottom Quartile:	1.2x

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	\$31.43	48.0%	\$5,481	\$6,409	\$1,643	\$715	\$1,251	\$64	91.3%	4.4x
 eHealth	38.42	62.7%	725	746	20	0	181	(26)	98.6%	4.0x
 Care.com	19.31	80.1%	547	614	120	0	187	13	78.9%	2.9x
 TechTarget	12.21	35.4%	334	342	32	25	120	22	76.1%	2.8x
 DHI	1.52	46.8%	92	80	5	17	175	24	87.6%	0.5x

Top Quartile:	4.2x
Median:	2.9x
Mean:	2.9x
Adj. Mean:	3.2x
Bottom Quartile:	1.7x

Recently Closed Transactions

Close Date	Acquiror	Target	Segment	Enterprise Value (\$M)	EV / Revenue
Oct-18	 STATE STREET	 Charles River	FinTech 	\$2,600	N/A
Oct-18	 kroton paixão por educar	 SOMOS EDUCAÇÃO	EdTech 	\$1,519	0.5x
Nov-18	 SS&C	 INTRA LINKS	FinTech 	\$1,500	N/A
Oct-18	 SS&C	 EZE SOFTWARE	FinTech 	\$1,450	N/A
Oct-18	 BOK FINANCIAL	 COBIZ Financial	FinTech 	\$977	5.6x
Nov-18	BERTELSMANN	 OnCourse Learning	EdTech 	\$500	N/A
Nov-18	 Computershare	 EQUATEX	FinTech 	\$413	N/A
Nov-18	 Adecco Group	 GENERAL ASSEMBLY	EdTech 	\$413	N/A
Nov-18	 PayPal	 HYPERWALLET	FinTech 	\$400	N/A
Oct-18	 GRUBHUB	 LevelUp	FinTech 	\$390	N/A
Oct-18	 lendingtree	 QuoteWizard	FinTech 	\$370	2.5x
Oct-18	 OCWEN	 PHH CORPORATION	FinTech 	\$360	1.5x
Dec-18	 FARFETCH	 STADIUM GOODS	eCommerce 	\$250	N/A
Dec-18	 TEMENOS	 AVOKA	FinTech 	\$245	N/A
Nov-18	 Walmart	 Cornershop	eCommerce 	\$225	N/A

Recently Closed Financings

Close Date	Lead Investor(s)	Target	Segment	Transaction Size	Pre-Money Valuation
Oct-18			VR / AR 	\$1,250	\$13,750
Nov-18			eCommerce 	\$1,100	\$5,900
Dec-18			eCommerce 	\$1,000	\$2,300
Dec-18			eCommerce 	\$871	\$7,000
Oct-18	 		eCommerce 	\$800	\$6,200
Oct-18			eCommerce 	\$433	N/A
Nov-18			AdTech 	\$302	N/A
Oct-18			FinTech 	\$300	\$7,750
Dec-18			FinTech 	\$250	\$2,400
Oct-18	   		FinTech 	\$225	\$50
Oct-18			eCommerce 	\$210	N/A
Dec-18			eCommerce 	\$208	\$525
Oct-18			FinTech 	\$180	\$3,820
Nov-18			FinTech 	\$165	\$1,500
Dec-18			eCommerce 	\$146	\$650

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>ScaleLab</p> <p>has been acquired by</p>  <p>Advisor to ScaleLab</p>	 <p>BUNCHBALL THE LEADER IN GAMIFICATION</p> <p>a portfolio company of</p>  <p>PINEALLUX CAPITAL PARTNERS, LLC</p> <p>has been acquired by</p>  <p>BI WORLDWIDE</p> <p>Advisor to Bunchball</p>	 <p>NATIVE</p> <p>has been acquired by</p>  <p>P&G</p> <p>Advisor to Native</p>	 <p>mercury</p> <p>a portfolio company of</p>  <p>EOS</p> <p>has completed a debt financing with</p>  <p>CALLIDUS CAPITAL</p> <p>Advisor to Mercury Media</p>	 <p>BEAR DOWN BRANDS</p> <p>owner of</p>  <p>pure bentgo</p> <p>has received an investment from</p>  <p>Topspin Partners</p> <p>Advisor to Bear Down</p>
 <p>adexchange</p> <p>has completed a growth financing with</p>  <p>UnionBank</p> <p>Advisor to Ad Exchange Group</p>	 <p>THRESHOLD INTERACTIVE</p> <p>has been acquired by</p>  <p>ZEALOT</p> <p>Advisor to Threshold Interactive</p>	 <p>Pitch, Inc.</p> <p>has been acquired by</p>  <p>PROJECT: WORLDWIDE</p> <p>Advisor to Pitch, Inc.</p>	 <p>lrw Lieberman Research Worldwide</p> <p>has obtained a majority investment from</p>  <p>TAILWIND CAPITAL</p> <p>Advisor to Lieberman Research Worldwide</p>	 <p>AIRSOFT MEGASTORE</p> <p>has completed a recapitalization with</p> <p>JAYTS, LLC</p> <p>Advisor to Airsoft Megastore</p>
 <p>revi media</p> <p>has received \$12,500,000 in growth capital from</p>  <p>NEWSPRING CAPITAL</p> <p>Advisor to ReviMedia*</p>	 <p>X5 MUSIC GROUP</p> <p>has been acquired by</p>  <p>WARNER MUSIC GROUP</p> <p>Advisor to X5 Music*</p>	 <p>ZOOMIN.TV</p> <p>has been acquired by</p>  <p>MTG</p> <p>Advisor to Zoomin.TV*</p>	 <p>countdown MEDIA</p> <p>has been acquired by</p>  <p>bugmusic</p> <p>Advisor to Countdown Media*</p>	 <p>D dedicated media</p> <p>has been acquired by</p>  <p>lin media</p> <p>Advisor to Dedicated Media*</p>

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



Digital Media Team



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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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