PRESS RELEASE

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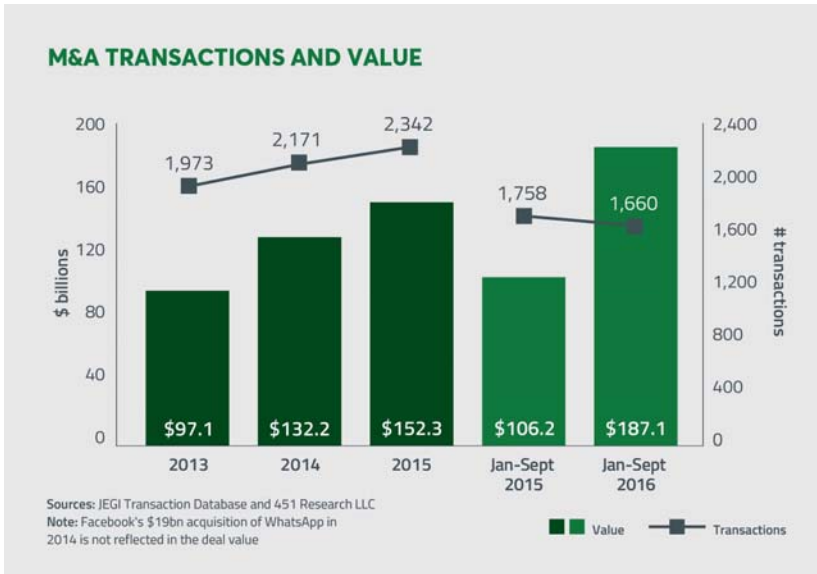
JEGI Q3 2016 M&A OVERVIEW

M&A Market Value Surges, Driven by Mega Deals



Mergers and acquisitions deal value skyrocketed 75% to nearly $200 billion in the first three quarters of 2016, driven by a number of large transaction announcements, despite an uncertain global economy, with a fragile European Union anticipating Brexit, a depreciating China, and a tense election cycle in the U.S. The number of mergers and acquisitions remained relatively steady through September 2016, across the media, information, marketing, software and tech-enabled services sectors. Overall, the year has seen 1,660 transactions announced, compared to 1,758 deals in the same period of 2015, and deal value surged to $187.1 billion, up more than 75% over 2015's $106.2 billion, according to JEGI, the leading independent investment bank serving these core markets.

Mega deals driving the rise in 2016 deal value were led by Microsoft's pending acquisition of LinkedIn for more than $29 billion. Thirty-eight announced transactions have cleared $1+ billion of value thus far in 2016, compared to 21 over the same period in 2015. In addition to Microsoft/LinkedIn, five additional M&A deals reached the $5 billion threshold in 2016 – compared to only two in 2015 – including:

- Quintiles Transnational Holdings $13.5 billion acquisition of IMS Health, provider of information and technology services to the healthcare industry, announced in May
- The merger of global information company IHS and financial information services provider Markit, with an estimated deal value of $11 billion, announced in March
- Oracle $9.1 billion acquisition of NetSuite, provider of enterprise resource planning (ERP) and omnichannel commerce software, announced in July
- CSC $8.5 billion acquisition of HP's Enterprise IT Services division, announced in May
- Leidos Holdings acquisition of the Lockheed Martin Information Systems & Global Solutions business assets for approximately $5 billion, announced in January

But perhaps the biggest surprise was the long-expected sale of Yahoo to Verizon for $4.8 billion, a fraction of its value over much of its history.

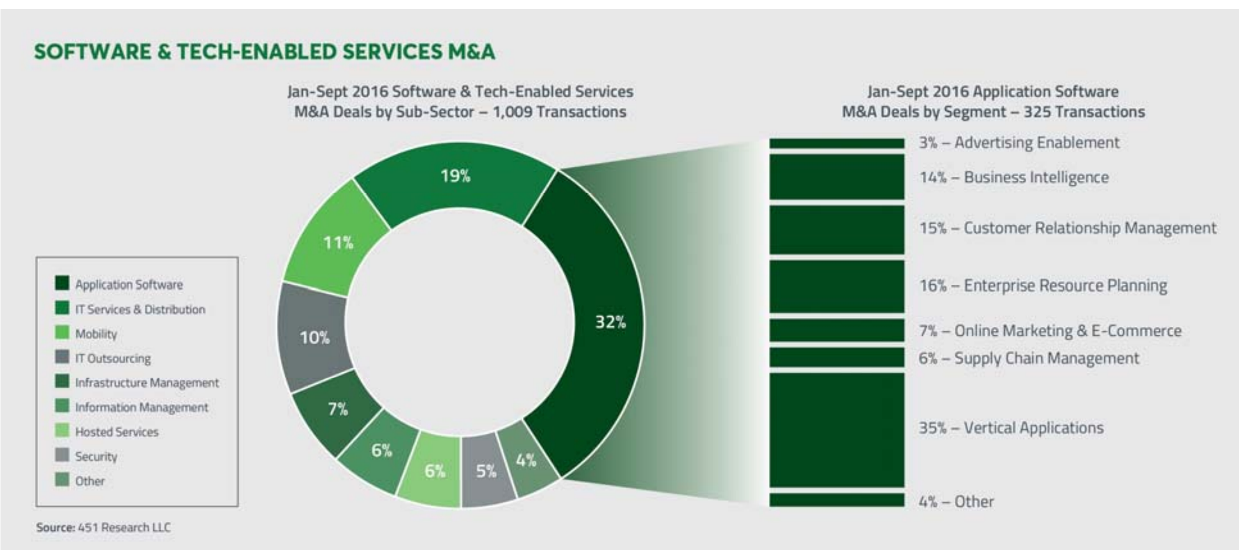
Software & Tech-Enabled Services

The Software & Tech-Enabled Services sector led in both deal volume and value, with 1,009 transactions valued at $85.8 billion through the third quarter of this year, as charted below, with a breakdown of deal volume across this vibrant sector.

The most active sub-sector was application software, which accounted for nearly one-third of deal volume. Notable application software transactions in Q3 2016 included the: Oracle acquisition of NetSuite *(noted above)*; Kohlberg Kravis & Roberts (KKR) acquisition of Epicor Software, provider of enterprise application software, including ERP, retail solutions and retail distribution, from Apax Partners for $3.3 billion; and Genesys Telecommunications Laboratories acquisition of Interactive Intelligence, provider of communication and collaboration software for contact centers, for $1.5 billion.

The chart below shows a further breakdown of the segments within the application software sub-sector. Vertical applications saw the most deal volume (35%), followed by enterprise resource planning (16%), customer relationship management (15%), and business intelligence (14%).

Behind application software, IT services and distribution (19%) was the second most active sub-sector in Software & Tech-Enabled Services and saw the Tech Data Corp. $2.6 billion acquisition of Avnet's technology solutions business unit. The next most active sub-sectors were mobility (11%) and IT outsourcing (10%).



Marketing Services & Technology

In terms of deal volume, Marketing Services & Technology was the second most active sector through Q3 2016, with 471 transactions valued at $32.7 billion. The dynamic marketing technology sub-sector accounted for nearly 60% of the total value, with $19.3 billion across 81 deals. Notable marketing technology announcements in the third quarter of 2016 included Oracle's $9.1 billion acquisition of omnichannel commerce software provider NetSuite, and the $1.5 billion acquisition of customer relationship and performance marketing powerhouse Merkle by Dentsu Aegis Network.

Healthcare marketing was the second most active marketing services sub-sector through September 2016, primarily due to the EQT Partners acquisition of Press Ganey, provider of patient experience and caregiver measurement, performance analytics and advisory solutions, for more than $2 billion.

Digital and traditional ad agencies also saw strong deal activity; combined, they accounted for nearly one-third of total deal volume and more than 9% of deal value through Q3 2016. Notable transactions included the Web.com acquisition of Yodle, provider of online marketing services to local businesses, for approximately $420 million in Q1, and IBM's acquisition of three leading digital agencies, including Resource/Ammirati in Q1 (a JEGI transaction).

The ad tech sub-sector included the acquisition of Accordant, an independent programmatic media buyer with a strong technology platform, by active acquirer Dentsu Aegis Network. The deal was notable in that Dentsu Aegis will combine Accordant with its own programmatic trading desk (JEGI advised Accordant).

MARKETING SERVICES & TECHNOLOGY - M&A BY SUB-SECTOR			
	2016 January - September		
Industry Sub-Sector	# Deals	Value (mil)	% Value
Ad Agency	83	$1,502	4.6%
Ad Network / Ad Tech	21	$1,153	3.5%
Content Marketing	11	$167	0.5%
Data & Analytics	49	$1,211	3.7%
Digital Agency	57	$1,551	4.7%
E-Commerce	12	$407	1.2%
Experiential Marketing	9	$79	0.2%
Healthcare Marketing	7	$2,534	7.7%
Lead Generation	13	$523	1.6%
Market Research/Consulting	34	$899	2.8%
Marketing Technology	81	$19,315	59.1%
Mobile Marketing	10	$1,615	4.9%
Out-of-Home Marketing	13	$645	2.0%
PR Agency	28	$175	0.5%
Social Media Marketing	19	$96	0.3%
Video Marketing	8	$194	0.6%
Other	16	$627	1.9%
Total	471	$32,695	100.0%

Source: JEGI Transaction Database

JEGI Activity in Q3 2016

JEGI has been very active on the deal front, with 12 deal closings year-to-date and several other near-term closings in the pipeline. In Q3, in addition to Accordant, JEGI represented CARCO Group, a leading provider of tech-enabled and compliance-driven human capital management and risk management solutions, in a significant investment from New York-based private equity firm CIP Capital, and Light Reading, a leading, innovative content-driven media business focusing on the telecom industry, in its sale to Informa, a global business intelligence, academic publishing, knowledge and events business.

Looking Ahead

While the global outlook is unsteady, the U.S. economy has several positive indicators, including a low unemployment rate, robust debt markets and low interest rates, and high levels of available cash among strategic companies and private equity firms. However, the economic growth rate in the U.S. is sluggish, offering slower organic growth prospects for corporations. This, coupled with rapid advancements in technology, is driving the need for companies to acquire in order to achieve growth and innovation.

According to a report by the Boston Consulting Group and Paderborn University in Germany, M&A activity drives higher annualized return rates, as companies that completed five or more M&A deals from 2011 to 2015 had annualized returns of 10.5% vs. 5.3% for companies that completed just one deal.

Another indicator for a healthy M&A market, JEGI has a very strong pipeline of active engagements heading into 2017. While we are still wary of the global economy and the outcome of the U.S. election, there are enough positive trends for M&A to remain vibrant through 2017 and beyond.

M&A Highlights through Q3 2016

M&A activity for the **b2b media and technology** sector saw exponential growth in deal value in the first three quarters of 2016, due to Microsoft's $29.5 billion acquisition of LinkedIn announced in Q2. Deal volume was flat with 77 deals in 2016, compared to 75 in 2015. Notable transactions in Q3 2016 included: Informa's announced acquisition of B2B integrated media company Penton, for $1.6 billion; the Ritchie Bros. acquisition of online auction services provider IronPlanet for $759 million; the John Wiley & Sons acquisition of Atypon Systems, provider of digital content delivery, discovery and monetization solutions for publishers, for $120 million; and Informa's acquisition of Light Reading, an innovative content-driven media business focusing on the telecom industry (a JEGI transaction).

JEGI M&A ACTIVITY BY SECTOR

	2015 January - September		2016 January - September		% Change	
Sector	# Deals	Value (mil)	# Deals	Value (mil)	# Deals	Value
B2B Media & Technology	75	$5,705	77	$32,777	3%	475%
Consumer Media & Technology	159	$17,066	161	$14,927	1%	(13%)
Database & Information Services	41	$6,325	38	$39,235	(7%)	520%
Exhibitions & Conferences	59	$3,345	49	$2,498	(17%)	(25%)
Marketing Services & Technology	463	$19,625	471	$32,695	2%	67%
Mobile Media & Technology	121	$6,208	88	$2,184	(27%)	(65%)
Software & Tech-Enabled Services	1,091	$58,120	1,009	$85,801	(8%)	48%

Sources: JEGI Transaction Database and 451 Research LLC

Notes: Some Software & Tech-Enabled Services transactions are also duplicated in some of the other sectors

Deal volume in the **consumer media and technology** sector was also flat through Q3 2016, with 161 transactions vs. 159 over the same time period in 2015. Deal value declined 13% to $14.9 billion, compared to 2015's $17.1 billion. Notable transactions in the third quarter of 2016 included: Verizon's announced acquisition of consumer media giant Yahoo for $4.8 billion; the Wal-Mart $3.3 billion acquisition of ecommerce website Jet.com; Unilever $1 billion acquisition of subscription ecommerce unicorn Dollar Shave Club; and Randstad acquisition of job listing website Monster Worldwide for $486 million.

The **database and information services** sector saw a small decrease in number of transactions announced in the first three quarters of 2016 vs. the same period in 2015, with 38 deals compared to 41 last year.

However, transaction value rose radically in 2016 to $39.2 billion, due to several mega deals, including Quintiles Transnational Holdings $13.5 billion acquisition of IMS Health in Q2, and the Q1 merger of IHS and Markit for approximately $11 billion. Notable Q3 2016 deals included: Baring Private Equity Asia and Onex joint acquisition of the Thomson Reuters Intellectual Property & Science business, which provides information for governments, universities and corporations, for $3.6 billion; the Thoma Bravo acquisition of auto marketplace Trader from Apax Partners for $1.2 billion; and CIP Capital's significant growth investment in CARCO Group, provider of tech-enabled and compliance-driven human capital management and risk management solutions (a JEGI deal).

M&A activity in the **exhibitions and conferences** sector saw a 17% decline in deal volume and a 25% decline in deal value through Q3 2016, with 49 transactions totaling $2.5 billion in 2016 vs. 59 deals and $3.3 billion in value in 2015. Notable deals in Q3 2016 included the: Viad/Global Experience Specialists (GES) acquisition of On Event Services, provider of audio visual production services for live events, for $93 million; Questex Media Group acquisition of ExL Events, provider of engaging content-driven conferences and partnered events; Hannover Fairs acquisition of Truck World Show, a tradeshow for the transportation industry, from Newcom Business Media; and Brunico Communications acquisition of Achilles Media, provider of a wide portfolio of events and services.

The **marketing services and technology** sector continues to be very active, with 471 transactions worth $32.7 billion in value for the first three quarters of 2016, up from 2015's 463 deals and $19.6 billion in value. Several notable transactions are mentioned above in the Marketing Services & Technology segment. Other notable deals in the third quarter of 2016 included the: Orient Hontai Capital acquisition of AppLovin, a mobile marketing automation company, for a reported $1.4 billion; Salesforce.com acquisition of Quip, a cloud-based word processing app that enables users to create documents, for more than $500 million; Nuance Communications acquisition of TouchCommerce, provider of pay-for-performance online conversion marketing solutions, for approximately $215 million; and Dentsu Aegis Network acquisitions of creative agency Gyro and programmatic advertising firm Accordant (JEGI represented Accordant in its sale).

M&A activity for the **mobile media and technology** sector declined in both deal volume and value through Q3 2016, down to 88 transactions and $2.2 billion in value, compared to 121 deals and $6.2 billion through Q3 2015. While there were several noteworthy transactions in 2016, there was no deal of size to offset the $3 billion Audi, BMW and Daimler acquisition of Nokia's HERE, mobile maps and location services, in 2015. Notable Q3 transactions included the: Apple acquisition of Turi, a machine learning platform for application developers, for approximately $200 million; Snapchat acquisition of Vurb, a mobile search application, for a reported $110 million; and Ford acquisition of Chariot Transit, a mobile app to reserve shuttles for personal trips and corporate events, for a reported $65 million.

The **software and tech-enabled services** sector dropped slightly in deal volume with 1,009 transactions in the first three quarters of 2016 vs. 1,091 in the same period of 2015. Deal value, however, increased by nearly 50% to $85.8 billion, led by several mega transactions, including those listed in the Software & Tech-Enabled Services segment above, as well as several others in the IT services, hosted services and security sub-sectors. Additional notable transactions in the third quarter included the: Citrix acquisition of LogMeIn, provider of remote access SaaS solutions, for nearly $2 billion; OpenText acquisition of EMC's enterprise content management software division from Dell for $1.6 billion; and OMERS Private Equity and Harvest Partners joint acquisition of Epiq Systems, provider of e-discovery software, for approximately $1 billion.

ABOUT JEGI

JEGI has been the leading independent investment bank for the global media, information, marketing, software and tech-enabled services sectors for more than 28 years. Headquartered in New York, with offices in Boston and London (via its partnership with **Clarity**), JEGI has completed more than 600 high-profile M&A transactions, serving global corporations; middle-market and emerging companies; entrepreneurial owners and founders; and private equity and venture capital firms. For more information, visit **www.jegi.com**.