

PRESS RELEASE

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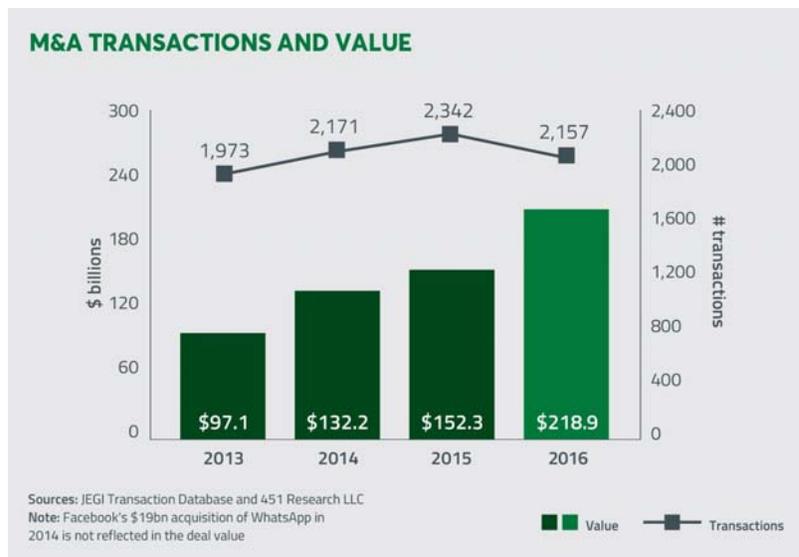
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JEGI 2016 M&A OVERVIEW

2016 M&A Transaction Value Surges, Driven by Strong Activity by Corporate Acquirers

Deal value in the M&A market surged in 2016 to nearly \$220 billion, driven by mega deals such as Microsoft's \$29 billion acquisition of LinkedIn. Against a backdrop of rebounding consumer and business confidence, mergers and acquisitions continued to be quite active in 2016 across the media, information, marketing, software and tech-enabled services sectors, with 2,157 announced transactions accounting for \$218.9 billion of deal value, 44% higher than 2015's \$152.3 billion, according to JEGI, the leading independent investment bank serving these core markets.



Active Acquirers in 2016

Led by global agency holding companies Dentsu and WPP, the 10 most active strategic acquirers accounted for 162 transactions in 2016, or 7.5% of all announced transactions for the year.

Leading companies continue to innovate and transform their business models to stay abreast of the rapidly increasing use of technology and data, and look to M&A to drive growth and enhance product and service offerings.

Largest Deals of 2016

2016 saw a large number of \$1+ billion mega deals that drove the sizable increase in total value for the year. As noted, strategics drove





much of the M&A value in 2016, accounting for 14 of the top 20 transactions, and we expect corporations to remain active buyers in 2017.

TOP 20 MEDIA, INFORMATION, MARKETING, SOFTWARE & TECH-ENABLED SERVICES DEALS					
	Buyer	Seller	Description	Announced Date	Value (\$B)
1	Microsoft	LinkedIn	Online professional network	June 2016	\$29.3
2	Quintiles Transnational Holdings	IMS Health	Healthcare IT services	May 2016	\$13.5
3	Oracle	NetSuite	Financial ERP and e-commerce software	July 2016	\$8.7
4	CSC	Hewlett Packard Enterprise (HP) (50% stake)	Enterprise IT services assets	May 2016*	\$8.5
5	IHS	Markit	Financial information services	March 2016	\$6.1
6	Verizon Communications	Yahoo	Consumer content and search	July 2016*	\$4.8
7	Symantec	Blue Coat (Bain Capital)	Web and network security systems	June 2016	\$4.7
8	Apollo Global Management	Rackspace Hosting	Hosted services provider	August 2016	\$4.3
9	Leidos Holdings	Lockheed Martin Assets	Government IT services assets	January 2016	\$4.1
10	Equinix	24 Data Centers (Verizon Communications)	US and Latin America data center sites	December 2016*	\$3.6
11	Baring Private Equity Asia; Onex	Thomson Reuters IP & Science Business	Intellectual property and science data services	July 2016	\$3.6
12	IBM Watson Health (IBM)	Truven Health Analytics (Veritas Capital)	Healthcare data and analytics	February 2016	\$3.6
13	KKR & Co.	Epicor Software (Apax Partners)	Industry-specific enterprise software	July 2016	\$3.3
14	Wal-Mart Stores	Jet.com	Consumer shopping web site	August 2016	\$3.3
15	NTT DATA	Dell Services (Dell Inc.)	IT and outsourcing services	March 2016	\$3.1
16	TPG Capital	Intel Security (Intel) (51% stake)	Cyber security software and services	September 2016*	\$3.1
17	Thoma Bravo	Qlik Technologies	Business intelligence analytics software	June 2016	\$3.0
18	Salesforce	Demandware	E-commerce software solutions	June 2016	\$2.9
19	GIC; Golden Gate Capital	Neustar	Proprietary data and analytics	December 2016*	\$2.9
20	Roper Technologies	Deltek (Thoma Bravo; Prospect Capital)	ERP and project management software	December 2016	\$2.8

* Deals are pending

Sources: JEGI Transaction Database and 451 Research LLC

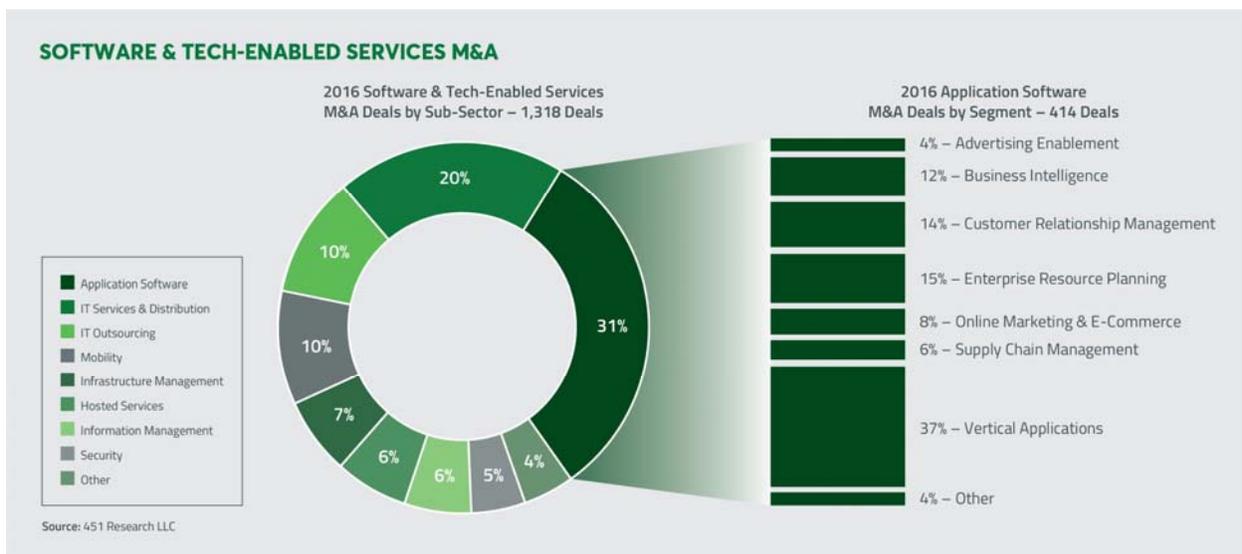
Software & Tech-Enabled Services

Software & Tech-Enabled Services led in deal volume in 2016, with 1,318 transactions, or 61% of the total deals announced for the year and more than double the next most active sector – Marketing Services & Technology at 630 transactions. Deal value in the Software & Tech-Enabled Services sector reached \$107.9 billion, accounting for nearly half of total deal value for the year.

The most active sub-sector was application software, with nearly one-third of the sector deal volume. Notable application software transactions in the fourth quarter of 2016 included the: Roper Technologies acquisition of Deltek, provider of ERP and project management software, from Thoma Bravo for \$2.8 billion; GE Digital acquisition of ServiceMax, provider of field service management software and services, for \$915 million; Vista Equity acquisition of the public sector and K-12 education software businesses of SunGard for \$850 million; and Salesforce acquisition of Krux Digital, provider of audience management and targeting SaaS solutions, for approximately \$768 million.

The chart below shows deal volume by segment across this dynamic sector plus a further breakdown within the application software sub-sector. Vertical applications saw the most deal volume (37%), followed by enterprise resource planning (15%), customer relationship management (14%), and business intelligence (12%).

Behind application software, IT services and distribution at 20% was the second most active sub-sector in Software & Tech-Enabled Services, followed by mobility and IT outsourcing, both at 10%.



JEGI Activity in 2016

2016 was a highly active year as JEGI closed 17 transactions that generated over \$2 billion in transaction value. Most recent transactions include:

- Sale of Framestore, a leading global visual effects and computer-generated content production company, to a consortium of Chinese investors, led by Cultural Investment Holdings (JEGI co-advised Framestore with our UK- and Australia-based investment banking partner Clarity)
- Merger of BLR and three portfolio companies of UCG (DecisionHealth, Argosy and CCMI) and their sale to Leeds Equity Partners, to create a market-leading governance, risk and compliance information company serving the healthcare, human capital management, financial and telecom sectors
- Sale of Connect Meetings, a leading US business travel and meetings event organizer, to Tarsus Group
- Merger of V12 Group and DataMentors to create V12 Data, a leading DaaS platform offering integrated omnichannel data products and marketing technology

Stay tuned for additional deal announcements in the first part of 2017.



Looking Ahead

With a new administration taking office, there will be some unpredictability heading into 2017 as the US economy responds to new proposals and policies. However, given overall improving consumer confidence as well as the Republican Party's control of the Executive and Legislative branches of government, we expect the financial markets to continue to react favorably. As *MarketWatch* recently stated, "The stock market prefers the idea of a clean sweep, with Republicans winning the House, the Senate and the White House. Investors might view a Democratic sweep as onerous, but see a Republican lock as good news for the economy and the stock market."

In addition, consumer optimism has risen post-election. The Conference Board Consumer Confidence Index posted another significant gain in December, following a strong increase in November. The Index stands at 113.7 (1985=100), up from 109.4 in November, due to a sharp increase in Expectations (a sub-index that measures consumer sentiment toward the short-term economic situation), which hit a 13-year high of 105.5.

With robust equity and debt markets, and excess cash in the hands of both corporate and private equity buyers, we expect M&A activity to remain strong in 2017. According to *The Financial Times*, "Republican administrations have traditionally been more lenient about allowing mergers," and dealmakers predict that a Trump presidency will be good for M&A in the US, particularly with a strong domestic economy and meaningful job creation.

M&A Highlights in 2016

M&A activity for the **b2b media and technology** sector saw exponential growth in deal value in 2016, primarily due to Microsoft's \$29 billion acquisition of LinkedIn. Deal volume was relatively steady with 88 deals in 2016, compared to 93 in 2015. Notable transactions in Q4 2016 included the: IG Group Holdings acquisition of DailyFX, provider of news for the currency trading community, for \$40 million; Brunico Communications acquisition of certain assets of Rogers Media, comprising marketing, advertising and media industry publications; and DN 2.0 acquisition of Dealernews, provider of marketing, advertising and media industry publications, from UBM.

Deal volume in the **consumer media and technology** sector was also relatively flat year-over-year, with 194 transactions in 2016 vs. 201 in 2015. Deal value fell nearly 40% in 2016 to \$16.4 billion, given several mega deals that occurred in 2015 and were not offset by 2016 activity. Notable transactions in the fourth quarter of 2016 included the: j2 Global's Ziff Davis acquisition of Everyday Health, operator of web sites with health and wellness content, for \$487 million; Hubert Burda acquisition of magazine publisher Immediate Media from BBC for approximately \$322 million; Bed, Bath & Beyond acquisition of PersonalizationMall.com, provider of personalized gifts online, for \$190 million; and Groupon acquisition of one-time rival LivingSocial, a local marketplace to buy and share things to do, for an undisclosed sum.

The **database and information services** sector also saw a nearly flat number of transactions announced in 2016 vs. 2015, with 56 deals compared to 59 in 2015. However, transaction value more than doubled in 2016 to \$41.7 billion, due primarily to Quintiles Transnational Holdings \$13.5 billion acquisition of IMS Health and the merger of IHS and Markit for more than \$6 billion, both announced in the first half of the year. Notable Q4 2016 deals included the: Roper Technologies acquisition of iSqFt, provider of construction software and services to find commercial construction leads and control the bid management process, from Genstar Capital and Warburg Pincus, for \$631 million; Nielsen acquisition of Gracenote, an entertainment data and technology company, from Tribune Media for \$560 million; LDiscovery acquisition of Kroll Ontrack, provider



of information management, data recovery and legal technology solutions, for \$410 million; and the merger and sale of BLR and three UCG portfolio companies (DecisionHealth, Argosy and CCMI) to Leeds Equity Partners (JEGI represented both BLR and UCG in this transaction).

M&A ACTIVITY BY SECTOR						
Sector	2015		2016		% Change	
	January - December		January - December		# Deals	Value
	# Deals	Value (mil)	# Deals	Value (mil)		
B2B Media & Technology	93	\$6,229	88	\$32,850	(5%)	427%
Consumer Media & Technology	201	\$26,940	194	\$16,441	(3%)	(39%)
Database & Information Services	59	\$19,383	56	\$41,659	(5%)	115%
Exhibitions & Conferences	86	\$3,699	66	\$3,250	(23%)	(12%)
Marketing Services & Technology	631	\$25,963	630	\$43,511	(0%)	68%
Mobile Media & Technology	148	\$6,512	110	\$2,435	(26%)	(63%)
Software & Tech-Enabled Services	1,441	\$76,330	1,318	\$107,919	(9%)	41%

Sources: JEGI Transaction Database and 451 Research LLC

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

M&A activity in the **exhibitions and conferences** sector saw a 23% decline in deal volume and a smaller decrease in deal value year-over-year, with 66 transactions totalling \$3.3 billion in 2016 vs. 86 deals and \$3.7 billion in value in 2015. Notable deals in Q4 2016 included the: UBM acquisition of Allworld Exhibitions Alliance, operator of trade exhibitions for several industry verticals in the Middle East and China, for \$485 million; Intel acquisition of VOKE, an events services business that provides virtual reality solutions for live actions and events, such as sports, concerts and fashion shows, for a reported \$160 million; and Tarsus Group acquisition of Connect Meetings, a leading US business travel and meetings event organizer (JEGI represented Connect Meetings in its sale).

The **marketing services and technology** sector continues to be very active, with 630 transactions accounting for \$43.5 billion in value for 2016, compared to 2015's 631 deals and \$26 billion in value. Notable deals in the fourth quarter of 2016 included the:

- GIC and Golden Gate acquisition of Neustar, provider of real-time, cloud-based marketing and communications solutions, for \$2.9 billion
- Salesforce acquisition of Krux Digital, as mentioned earlier
- Adobe acquisition of TubeMogul, provider of programmatic advertising software, for \$626 million;
- H.I.G. Capital acquisition of Lionbridge Technologies, provider of professional translation and localization services for marketing campaign management, for \$459 million
- GTCR acquisition of RevSpring, provider of data analytics, multi-channel customer communications and payment solutions, for \$400 million
- WPP's Xaxis acquisition of Triad Digital Media, provider of multi-platform digital retail media programs for retailers, brand advertisers and shoppers, for approximately \$300 million
- Criteo acquisition of HookLogic, provider of performance marketing services to manufacturers and hotels, for \$250 million



- SintecMedia acquisition of Operative Media, provider of advertising business management solutions for digital publishers, broadcasters, agencies and cable networks, for \$200 million in cash and stock
- Merger of V12 Group and DataMentors to form V12 Data for an undisclosed sum, as mentioned earlier in release (JEGI represented V12 in this transaction)

M&A activity for the **mobile media and technology** sector declined in both deal volume and value in 2016, to 110 transactions and \$2.4 billion in value, compared to 148 deals and \$6.5 billion in 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 Q4 2016 transactions included the: RhythmOne acquisition of Perk, a mobile rewards platform provider, for \$42 million; Salesforce acquisition of Twin Prime, provider of software to speed up mobile data transfer that developers can include in mobile applications, for a reported \$25 million; Twitter acquisition of mobile social app developer Yes; and American Express acquisition of InAuth, provider of mobile device authentication and intelligence solutions.

The **software and tech-enabled services** sector dropped approximately 10% in deal volume with 1,318 transactions in 2016 vs. 1,441 in 2015. Deal value, however, increased by more than 40% to \$107.9 billion, led by several mega transactions, such as Oracle's \$9 billion acquisition of NetSuite, which closed in November, as well as the large transactions listed in the Software & Tech-Enabled Services section above. Additional notable transactions in the fourth quarter of 2016 included the: Synchronoss Technologies acquisition of Intralinks, provider of team collaboration software and services, for \$821 million; CA Technologies acquisition of Automic, provider of enterprise automation technology for IT and business processes, for \$636 million; and Vantiv acquisition of Moneris, provider of transaction processing and payment systems, for \$425 million.

ABOUT JEGI

JEGI has been the leading independent investment bank for the global media, information, marketing, software and tech-enabled services sectors for nearly 30 years. Headquartered in North America, with offices in New York City and Boston, as well as London and Sydney (through 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.