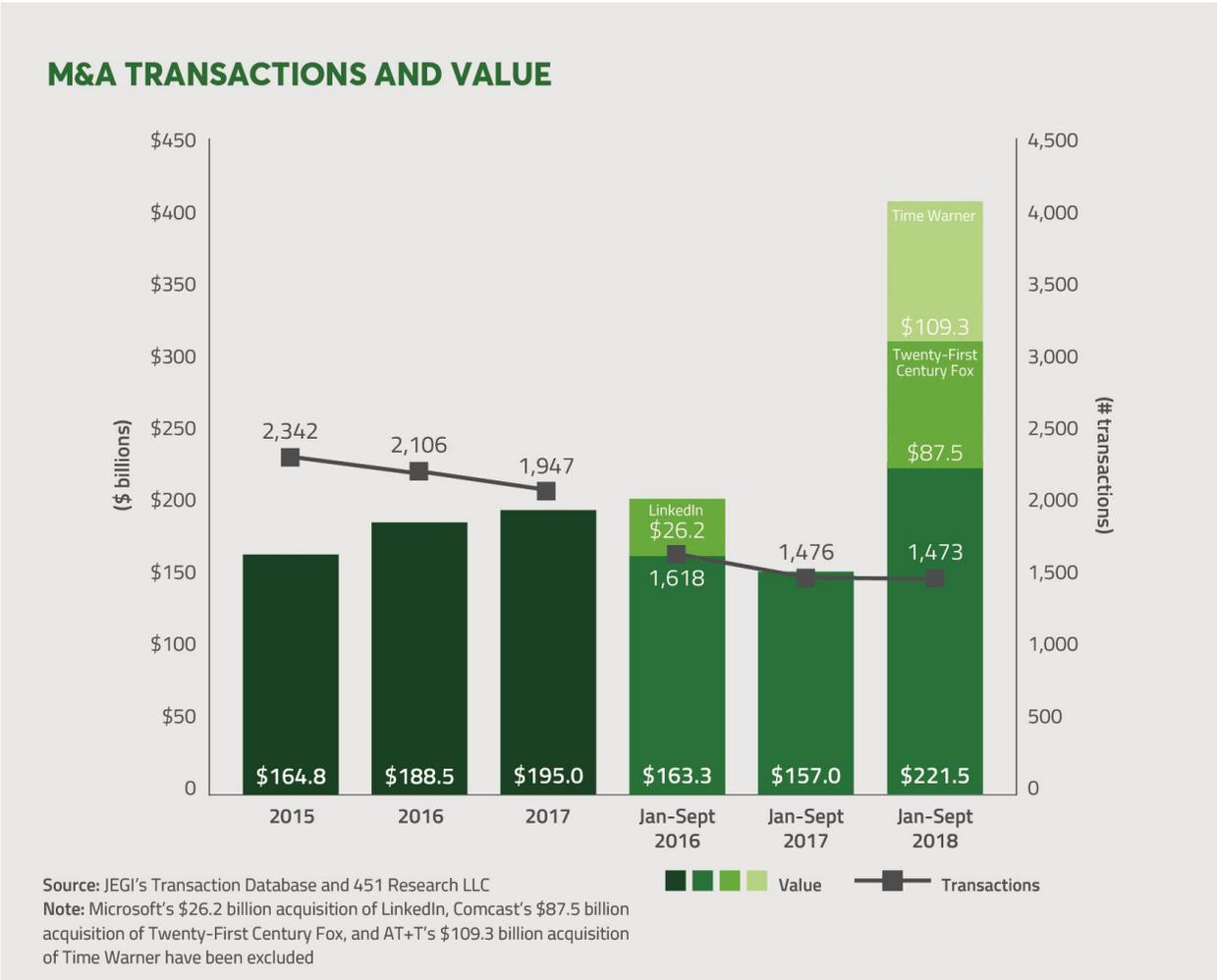


PRESS RELEASE



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Mergers and acquisitions through the third quarter of 2018 totaled nearly 1,500 announced transactions and \$221.5 billion in value across the media, information, marketing, software and tech-enabled services sectors – excluding a combined \$197 billion for Time Warner and Twenty-First Century Fox. Even before these mega-deals, total deal value for the first three quarters of 2018 reached a record high and has already surpassed the full year of 2017.

M&A activity continues to benefit from strong corporate earnings, buoyant though choppy capital markets and the positive outlook for US economic growth. Given the current tight labor market, people strategy is also a factor in driving M&A, especially in the burgeoning technology and tech-enabled services sectors.



M&A ACTIVITY BY SECTOR						
Sector	2017 January - September		2018 January - September		% Change	
	# Deals	Value (mil)	# Deals	Value (mil)	# Deals	Value
B2B Media & Technology	63	\$2,637	80	\$37,613	27%	1326%
Consumer Media & Technology ⁽¹⁾ (2)	162	\$47,330	118	\$10,076	(27%)	(79%)
Database & Information Services	28	\$9,399	19	\$1,506	(32%)	(84%)
Exhibitions & Conferences	47	\$1,431	57	\$7,417	21%	418%
Marketing Services & Technology	432	\$33,725	379	\$33,534	(12%)	(1%)
Mobile Media & Technology	69	\$968	37	\$1,386	(46%)	43%
Software	318	\$16,740	417	\$60,948	31%	264%
Tech-Enabled Services	357	\$44,795	366	\$69,065	3%	54%
TOTAL	1,476	\$157,024	1,473	\$221,545	(0%)	41%

Sources: JEGI Transaction Database and 451 Research LLC

Note: ⁽¹⁾ Comcast's \$87.5 billion acquisition of Twenty-First Century Fox and ⁽²⁾ AT&T's \$109.3 billion acquisition of Time Warner have been excluded

Notable Sector Transactions and Trends

In **B2B Media and Technology**, deal value posted a notable increase, driven by a few +\$1 billion transactions. The largest disclosed deal in Q3 2018 was the acquisition by Thomas H. Lee and other investors of Dun & Bradstreet for \$6.8 billion, a prime example of a private equity take-private restructuring initiative. The Carlyle Group sold their majority stake in Getty Images, a provider of visual content, to the Getty Family for a rumored \$3 billion. M&A in the visual content and content production sector remains incredibly active, reflecting strong demand for digital marketing assets and short-form episodic video, including JEGI's recently announced sale of LA-based FuseFX to EagleTree Capital. Lastly, Amadeus acquired TravelClick, a cloud-based software solutions provider for hoteliers for over \$1.5 billion from Thoma Bravo. Thoma Bravo has quickly risen in the ranks of private equity investors focused on high-growth, large-cap software acquisitions, closing nine such acquisitions through October of 2018 alone.

One transaction of note in the **Database and Information Services** sector: growth equity specialist TCV and Swedish powerhouse EQT jointly acquiring Sports Radar for \$2.5 billion, or 7.2X revenue. Sports Radar captures and reports real-time professional sport event data, traditionally provided to media companies and broadcasters. In addition to its massive EBITDA margins (reported at 43%), Sports Radar has exploded in value in response to the legalization of sport betting in the US, where its real time data and sport analytics generate "alpha" for bookmakers and bettors.

M&A activity in **Consumer Media and Technology** continues to be dominated by digital content and video, but "traditional" media continues to trade. Notable Q3 transactions included the sale of Dennis Publishing (built on the back of "laddie" mag *Stuff*) to Exponent Private Equity, where, as elsewhere in publishing market, we expect to see Dennis and its male enthusiast titles make a hard pivot into ecommerce. JEGI partner Clarity advised management on that transaction. On the female audience side of the market,



Meredith made more progress on its remarkably swift Time, Inc. buy/divest program, successfully selling namesake *Time* for \$190 million to Salesforce founder Mark Benioff. Unclear what the pivot there might be.

Period to period, **Marketing Services and Technology** posted flat but still meaningful deal volume and value, exceeding \$30 billion in 3Q YTD (for the 5th consecutive year). Two battle fronts continue to rage there. First, the Tier 1 global agencies and consultancies seeking to reposition themselves to better capitalize on shifting budgets in the areas of digital and data-driven marketing, including IPG acquisition of legacy Acxiom for \$2.3 billion, completed in July, and Sir Martin Sorrell out bidding his former employer, WPP, in a \$350 million acquisition of fast-growing Media Monks, a JEGI|Clarity client, to serve as the platform on which Sorrell will build his “next gen” agency. On the second front, an equally concentrated group of technology companies aggressively compete to acquire a dwindling number of scale marketing tech and marketing data platforms to add to their “full -stack” technology solutions. In Q3, Adobe Systems acquired Marketo for \$4.5 billion from Vista Equity, who themselves acquired cash-burning, SaaS-based Marketo in May 2016 for \$1.7 billion in take-private transaction that, at 7.5X revenue, created a stir in the market. So has their return on that short-hold investment! And Adobe competitor SAP acquired Datorama, a marketing analytics software platform, for \$800 million, or a rumored 20X revenue, reflecting the premia being paid for leading scale assets in that category.

Difficult to replicate the value and newsworthiness of **Exhibitions and Conferences** M&A observed in the first half of the year, notably Informa acquisition of UBM. Nonetheless, buyer interest and transaction volume continue to grow, year over year, given the strong appeal of consumer and B2B events and their attractive business models (i.e., negative working capital and high free cash flow conversion). JEGI continues to lead in the category, posting two closed transactions in Q3: the sale of UK-based tech and pharma event specialist FC Business Intelligence to Lloyd’s Development Capital, and the sale of the Vendome Behavioral Health conferences portfolio to HMP Communications, backed by Susquehanna Growth Equity.

Software and Tech-Enabled Services

In the Software and Tech-Enabled Services sector, a few deals in Q3 2018 worth noting in core JEGI coverage categories:

- Broadcom acquired CA Technologies for \$18.9 billion
- Duo Security acquired by Cisco Systems for \$2.35 billion
- Accruent acquired by Fortive for \$2 billion
- Eze Software Group acquired by SS&C Technologies for \$1.45 billion
- Apttus acquired by Thoma Bravo (those guys, again!) for an undisclosed amount

JEGI Active in Q3 2018

JEGI enjoyed a strong third quarter, with seven closings and several others expected in Q4. In Q3, we represented Vendome Group in its sale of the Institute for the Advancement of Behavioral Healthcare, a provider of education for front-line clinicians, treatment center executives, and public health professionals to



HMP, a portfolio company of Susquehanna Growth Equity; Media Monks, a global creative production platform, in its sale to S4 Capital; ThinkHR, a provider of trusted HR knowledge software and services, in its sale to Guidepost Growth Equity; FC Business Intelligence, a B2B events and information business, in its sale to LDC; Gartner in the divestiture of their Challenger sales and training business, a performance improvement platform focused on sales marketing and customer service in-person and online training, to Marlin Equity Partners; Gartner in the divestiture of Metrics that Matter, provider of learning and development data and analytics solutions for corporations to measure and evaluate the effectiveness of their L&D investment, to eXplorance; and MarketCast, a portfolio company of Kohlberg & Company, in their acquisition of Turnkey Sports Intelligence, a sports research and advisory firm.

Looking Ahead

General economic conditions remain strong heading into the final quarter of the year. The Conference Board Consumer Confidence Index now stands at 138.4, having increased in September, after a large improvement in August. Lynn Franco, the Director of Economic Indicators at The Conference Board said, “After a considerable improvement in August, Consumer Confidence increased further in September and hovers at an 18-year high. Consumers’ assessment of current conditions remains extremely favorable, bolstered by a strong economy and robust job growth.” Similarly, the Bureau of Labor Statistics reported that total nonfarm payroll employment increased by 134,000 in September, while the unemployment rate in the US decreased even more to 3.7%.

What to Watch

While M&A activity is expected to remain high well into 2019, we’d expect to see a potential “pause” in Q4. Corporate buyers, especially those with global operations, face a number of regulatory and geopolitical developments with potential implications for M&A strategy, such as tariffs, NAFTA and Brexit. And a number of “bell weather” buyers in JEGI’s markets are currently focused on portfolio review, rather than portfolio expansion (e.g. Nielsen and WPP), which may also limit their activity. Among financial buyers, the recent increase in interest rates has to factor into their models, and if they continue to rise, will also impact decisiveness.

Side note, while the US economy continues to benefit from record low rates of unemployment, the employment rate is also at records lows. In stark contrast to other global economies, the rate of employment among potential US workers between the ages of 18 and 34 has decreased dramatically, in large part due the opioid crisis. The drag on economic output, consumption and workforce skills is sadly something to watch.

ABOUT JEGI

JEGI has been a leading independent investment bank for the global media, information, marketing, software and tech-enabled services sectors for over 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 and financing 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.