GLOBAL MARKETING INDUSTRY M&A 2018 in review
A seamless combination of
KNOWLEDGE, INSIGHT AND EXPERTISE
Advising founders, entrepreneurs, private equity firms and global corporations

More than 50 people across London, New York, Sydney and Boston

Deep sector knowledge, providing out-of-market opportunities and outcomes

Track record of surpassing client expectations
WE REMAIN INCREDIBLY ACTIVE ADVISING RIGHT ACROSS THE MARKETING LANDSCAPE

MERGE is a leading integrated healthcare marketing and technology development agency

OPEN Health is a leading multi-disciplinary health communications and market access group

FuseFX is a leading independent visual effects studio providing services for episodic television, feature films, commercials, and VR productions

FMAV is a leading audiovisual and live event production company

Challenger is a leading performance improvement platform, focused on sales, marketing and customer service in-person and online training

Turnkey Intelligence is a leading sports research and advisory firm

MediaMonks is a leading global creative production platform

Webcollage is a leading product content management SaaS platform for global brands and retailers

Pegasus is a leading UK integrated healthcare communications consultancy

Resource/Ammirati is a leading, US-based digital marketing and creative agency

NavigationArts is a digital strategy and experience design firm

Selligent is an international SaaS platform delivering omnichannel audience engagement

Indicia is a leading data analytics and customer engagement agency

BGT is a leading digital agency and creative consultancy

Walker Media is a leading UK media agency

Adam&Eve is a leading creative advertising agency

Note: Selected JEGI | CLARITY transactions
We have analyzed
OVER 1,800 MARKETING SERVICES TRANSACTIONS ANNOUNCED GLOBALLY IN 2018
The Marketing Services sector continued to be very active in 2018, with 1,084 transactions, representing an increase of 8% against 2017 reflecting the ongoing consolidation around specialized capabilities and select market themes, such as the increased demand for content and the simultaneous expansion and consolidation within Marketing Tech.

Specialist capabilities accounted for 64% of the total deals, with Specialist Digital and Marketing Technology being the largest subsectors, with 206 and 172 deals, respectively.

The Global Networks still dominated the Top Serial acquirers ranking in 2018, albeit completing fewer deals and representing only 6% of the total deals compared to 9% in 2016.

Amid restructures, reorganizations and new strategic plans announced by the Global Networks, the Consulting and IT firms kept on expanding their digital marketing capabilities with a new focus on back-end data analytics and programmatic, the latter illustrated by Accenture’s acquisition of Adaptly towards the end of the year.

2018 also marked the year when Sir Martin Sorrell, the former WPP Chief Executive, launched his “new era” advertising network, for which MediaMonks, the Dutch-based content production agency, was its platform acquisition – a deal on which JEGI | CLARITY advised.

Looking ahead to 2019 we expect the Marketing Services M&A market to continue to be active across North America, Europe and Australasia with increased demand from the non-traditional Marketing Services acquirers and further demand for specialized digital skills.

We were delighted to have advised on 11 deals within Marketing Services during 2018 across Healthcare, Content Production, e-Commerce Tech Services and Research.
2018: A YEAR IN REVIEW

**1,084**

vs. 1,001 in 2017
Transactions announced in 2018 in the Marketing Services space

**825**

vs. 772 in 2017
Different acquirers

**85**

Transactions announced by the Top 10 serial acquirers in 2018

**WHERE WERE THE TARGETS LOCATED?**

<table>
<thead>
<tr>
<th>Country</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>USA</td>
<td>655</td>
<td>591</td>
</tr>
<tr>
<td>UK</td>
<td>132</td>
<td>132</td>
</tr>
<tr>
<td>Japan</td>
<td>69</td>
<td>77</td>
</tr>
<tr>
<td>Germany</td>
<td>47</td>
<td>60</td>
</tr>
<tr>
<td>Canada</td>
<td>44</td>
<td>34</td>
</tr>
</tbody>
</table>

275 (25%) of the transactions were cross-border vs. 263 (26%) in 2017

**WHO WAS ACQUIRING?**

53% of the acquirers have a heritage outside of Marketing Services

**SPECIALIST CAPABILITIES**

64% of transactions were targeting specific capabilities, including:

- **Specialist Digital**: 206 vs. 163
- **MarTech**: 172 vs. 143
- **Strategic Comms**: 103 vs. 76

*The $1 trillion advertising and marketing services industry is changing rapidly. Clients have had to deal with modest GDP growth, little inflation and hence limited pricing power and pressure to reduce costs (...) At the same time, digital transformation has disrupted innovation, manufacturing, distribution and marketing. The communications services industry itself has faced potential disruption from new-media companies (...) from the consulting companies, from in-housing and from startup millennial driven brands. Whilst this is a very challenging environment (...), the industry’s scale and continued growth, particularly in the digital, media and data areas, offer tremendous opportunity to well-funded, agile and entrepreneurial disrupters. Welcome back to the future.*

Sir Martin Sorrell

Source: Capital IQ and JEGI CLARITY research. Global transactions announced between 01/01/2018 and 31/12/2018 where the target is within the Marketing Services space
IN 2018, THERE WERE 1,084 TRANSACTIONS ANNOUNCED IN THE MARKETING SERVICES SECTOR, REPRESENTING AN INCREASE OF C. 8% COMPARED TO 2017

The deal activity in the Marketing Services sector in 2018 picked up pace in the second half of the year leading to total deals being up from 2017 by 8%

September and October were record months in terms of the number of deals announced in a given month over the last 3 years

Source: Capital IQ and JEGI | CLARITY research. Global transactions announced between 01/01/2018 and 31/12/2018 where the target is within the Marketing Services space
NEARLY 2/3 OF ALL TRANSACTIONS WERE TARGETING SPECIFIC CAPABILITIES

Transactions by target capability

General 'Agency Services' was once again the largest sub-sector in 2018, with 301 transactions.

In 2018 the demand for specialist capabilities increased and represented nearly two-thirds of the total acquisitions.

Full Service Digital means less and less in a world of more specialisms...

'Specialist Digital' remains the most sought-after specialist capability with 206 transactions announced in the year.

'Marketing Tech' continued to be in strong demand in 2018 representing 16% of all deals, compared to 10% in 2016, as a result of further industry expansion and consolidation.

'Content Production' was also a desired capability, with 51 transactions in 2018, as a consequence of strong demand for large amounts of content and decoupling trends.

Source: Capital IQ and JEGI | CLARITY research. Global transactions announced between 01/01/2018 and 31/12/2018 where the target is within the Marketing Services space.

Note: Refer to Glossary for definitions of each category on page 15.
MOST REGIONS EXPERIENCED AN INCREASE IN DEAL ACTIVITY, WITH NORTH AMERICA ACCOUNTING FOR THE LARGEST INCREASE IN ABSOLUTE TERMS

Transactions by target location

North America

496 vs. 425 in 2017
46% vs. 42%

Europe

408 vs. 396 in 2017
38% vs. 40%

Asia

112 vs. 114 in 2017
10% vs. 11%

Australasia

38 vs. 31 in 2017
4% vs. 3%

Latin America

17 vs. 15 in 2017
2% vs. 1%

Africa and Middle East

13 vs. 20 in 2017
1% vs. 2%

Top target locations:

- North America: 496 vs. 425 in 2017, 46% vs. 42%
- Europe: 408 vs. 396 in 2017, 38% vs. 40%
- Asia: 112 vs. 114 in 2017, 10% vs. 11%

North America continued to be the largest region by deal volume in 2018 with an increase in the number of transactions of 17%

The total number of deals within Continental Europe stayed relatively flat in 2018 with strong declines in France and Germany, of 10% and 22% respectively, while the Nordics, driven by Sweden and Norway, recorded a strong increase of 79% with a total of 50 deals across the region in 2018

In other regions the deal activity stayed relatively flat

Source: Capital IQ and JEGI CLARITY research. Global transactions announced between 01/01/2018 and 31/12/2018 where the target is within the Marketing Services space
MORE THAN HALF OF THE ACQUIRERS IN 2018 WERE FROM A NON-TRADITIONAL MARKETING SERVICES BACKGROUND

Transactions by acquirer type

<table>
<thead>
<tr>
<th>Acquirer Type</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>1,077</td>
<td>1,001</td>
<td>1,084</td>
</tr>
<tr>
<td>Other</td>
<td>18%</td>
<td>21%</td>
<td>18%</td>
</tr>
<tr>
<td>Financial Buyers</td>
<td>11%</td>
<td>14%</td>
<td>13%</td>
</tr>
<tr>
<td>IT Services, Software and Consultancies</td>
<td>12%</td>
<td>13%</td>
<td>22%</td>
</tr>
<tr>
<td>Global Networks</td>
<td>50%</td>
<td>45%</td>
<td>41%</td>
</tr>
<tr>
<td>Marketing Services</td>
<td>50%</td>
<td>45%</td>
<td>41%</td>
</tr>
</tbody>
</table>

The proportion of non-traditional Marketing Services acquirers continued to grow in 2018, representing 53% of the total transactions compared to 41% in 2016.

The Global Networks continued to represent a smaller proportion of total deals in 2018 (6% compared to 9% in 2016).

In 2018 we saw IT Services, Software and Consultancy acquirers further enhancing their digital capabilities in the design and advertising arena, representing 22% of the total deals announced in the year.

Oliver Wyman and Bain & Company were new entrants in this space in 2018 with the acquisitions of London-based Draw, a digital transformation agency and Minneapolis-based FRWD, a digital agency.

In 2018, Accenture, well familiar in the space, formally made a move into the ad-buying world with the acquisition of Adaptly in an effort to rollout their programmatic practice which will also include planning, buying and management of programmatic ad campaigns.

Source: Capital IQ and JEGI | CLARITY research. Global transactions announced between 01/01/2018 and 31/12/2018 where the target is within the Marketing Services space.
IN 85% OF ALL TRANSACTIONS, THE ACQUIRER WAS EITHER EUROPEAN OR NORTH AMERICAN, WITH 75% BEING DOMESTIC TRANSACTIONS

Split of cross-border transactions

North American companies acquiring in Europe represented the largest proportion of cross-border transactions, 46, followed by European companies acquiring into North America, 33 (of which 20 had UK-based acquirers)

Source: Capital IQ and JEGI | CLARITY research. Global transactions announced between 01/01/2018 and 31/12/2018 where the target is within the Marketing Services space
WE HAVE LOOKED AT WHERE THE TOP 10 SERIAL ACQUIRERS HAVE BEEN INVESTING

<table>
<thead>
<tr>
<th>Year</th>
<th>Europe</th>
<th>Asia</th>
<th>North America</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>37</td>
<td>22</td>
<td>21</td>
</tr>
<tr>
<td>2017</td>
<td>34</td>
<td>22</td>
<td>21</td>
</tr>
<tr>
<td>2018</td>
<td>37</td>
<td>22</td>
<td>21</td>
</tr>
</tbody>
</table>

The Top Serial acquirers in 2018 was still dominated by the Global Networks, although their deal activity has reduced significantly since 2016

Hakuhodo, Omnicom, Dept and Capgemni were new entrants in the Top serial acquirers in 2018

Capgemini stepped up its M&A activity in the space in 2018. In addition, in a move that marks a departure from its competitors, Capgemini integrated its management consulting, digital and creative units into a new business line, Capgemini Invent

Top 10 acquirers were responsible for 8% of total transactions in 2018 vs. 9% in 2017

Source: Capital IQ and JEGI | CLARITY research. Global transactions announced between 01/01/2018 and 31/12/2018 where the target is within the Marketing Services space

Note: Futurestream Networks, Deloitte, M&C Saatchi and Nielsen have also acquired 4 companies in 2018
### NOTABLE TRANSACTIONS ANNOUNCED IN 2018

Some of the largest transactions in 2018 were...

<table>
<thead>
<tr>
<th>ANN. DATE</th>
<th>TARGET</th>
<th>ACQUIRER</th>
<th>SECTOR</th>
<th>VALUE(^1) ($M)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Feb-18</td>
<td>LiquidHub</td>
<td>Capgemini</td>
<td>Tech Services</td>
<td>500</td>
</tr>
<tr>
<td>Jun-18</td>
<td>APN Outdoor</td>
<td>JCDecaux</td>
<td>Agency Services</td>
<td>915</td>
</tr>
<tr>
<td>Jul-18</td>
<td>Axiom Marketing Solutions</td>
<td>IPG</td>
<td>Specialist Digital</td>
<td>2,300</td>
</tr>
<tr>
<td>Jul-18</td>
<td>Datorama</td>
<td>salesforce</td>
<td>Marketing Tech</td>
<td>800</td>
</tr>
<tr>
<td>Sep-18</td>
<td>Marketo</td>
<td>Adobe</td>
<td>Marketing Tech</td>
<td>4,750</td>
</tr>
</tbody>
</table>

54% of deals involved non-traditional Marketing Services acquirers

<table>
<thead>
<tr>
<th>ANN. DATE</th>
<th>TARGET</th>
<th>ACQUIRER</th>
<th>SECTOR</th>
<th>VALUE(^1) ($M)</th>
</tr>
</thead>
<tbody>
<tr>
<td>May-18</td>
<td>FRWD</td>
<td>Bain &amp; Co</td>
<td>Full Service Agency</td>
<td>Not disclosed</td>
</tr>
<tr>
<td>Jul-18</td>
<td>MediaMonks</td>
<td>S4 Capital</td>
<td>Content Production</td>
<td>350</td>
</tr>
<tr>
<td>Dec-18</td>
<td>We Are Friday</td>
<td>PA Consulting</td>
<td>Tech Services</td>
<td>Not disclosed</td>
</tr>
<tr>
<td>Dec-18</td>
<td>Adapty</td>
<td>Accenture</td>
<td>Specialist Digital</td>
<td>Not disclosed</td>
</tr>
<tr>
<td>Dec-18</td>
<td>Syfte</td>
<td>Wipro</td>
<td>Agency Services</td>
<td>Not disclosed</td>
</tr>
</tbody>
</table>

13% of the deals were led by financial investors

<table>
<thead>
<tr>
<th>ANN. DATE</th>
<th>TARGET</th>
<th>ACQUIRER</th>
<th>SECTOR</th>
<th>VALUE(^1) ($M)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mar-18</td>
<td>CommerceHub</td>
<td>GTCR/ Sycamore</td>
<td>Marketing Tech</td>
<td>1,045</td>
</tr>
<tr>
<td>Jun-18</td>
<td>Integral Ad Science</td>
<td>Vista Equity Partners</td>
<td>AdTech</td>
<td>Not disclosed</td>
</tr>
<tr>
<td>Aug-18</td>
<td>SugarCRM</td>
<td>Accel-KKR</td>
<td>Marketing Tech</td>
<td>Not disclosed</td>
</tr>
<tr>
<td>Oct-18</td>
<td>FuseFX</td>
<td>EagleTree Capital</td>
<td>Content Production</td>
<td>Not disclosed</td>
</tr>
<tr>
<td>Dec-18</td>
<td>Vision Integrated Graphics</td>
<td>H.I.G. Capital</td>
<td>Agency Services</td>
<td>Not disclosed</td>
</tr>
</tbody>
</table>

Other notable transactions

<table>
<thead>
<tr>
<th>ANN. DATE</th>
<th>TARGET</th>
<th>ACQUIRER</th>
<th>SECTOR</th>
<th>VALUE(^1) ($M)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jan-18</td>
<td>Mackevision</td>
<td>Accenture</td>
<td>Content Production</td>
<td>Not disclosed</td>
</tr>
<tr>
<td>Jan-18</td>
<td>Draw Create</td>
<td>Oliver Wyman</td>
<td>Full Service Digital</td>
<td>Not disclosed</td>
</tr>
<tr>
<td>Jun-18</td>
<td>AppNexus</td>
<td>AT&amp;T</td>
<td>AdTech</td>
<td>Not disclosed</td>
</tr>
<tr>
<td>Dec-18</td>
<td>Mustache</td>
<td>Cognizant</td>
<td>Content Production</td>
<td>Not disclosed</td>
</tr>
<tr>
<td>Dec-18</td>
<td>Open Health</td>
<td>Peloton/ Amulet</td>
<td>Strategic communications</td>
<td>Not disclosed</td>
</tr>
</tbody>
</table>

### Source:
Capital IQ and JEGI | CLARITY research. Global transactions announced between 01/01/2018 and 31/12/2018 where the target is within the Marketing Services space

### Note:
1. Value denotes the Implied Enterprise Value of the target; Where the transaction value was not disclosed an estimate has been provided where available; Converted into USD at announced date.
APPENDIX

Methodology

Categorization method
- Identifying relevant deals in the marketing space from the pool of over 9,000 transactions announced on Capital IQ (inclusion criteria below) demands careful analysis and deep sector knowledge
- JEGI | CLARITY developed a working definition of Marketing Services targets and a lexicon of key words to screen companies and transactions for inclusion
- The category of each transaction was reviewed and approved by at least two JEGI | CLARITY sector analysts

Inclusion criteria
- Relevant transactions within the following sectors:
  - Advertising;
  - Diversified Support Services;
  - IT Software and Services;
  - IT Consulting and Other Services;
  - Application Software;
  - Research and Consulting Services; and
  - Movies and Entertainment
- Announced date falls between 1 January 2018 and 31 December 2018
- Percentage sought at least 20% (where information on percentage sought is available)
- Step-up and cancelled acquisitions, as well as asset sales are excluded

Sources
- Capital IQ (Primary source)
- MergerMarket
- Press Releases
- Public Information

Glossary – Target Categories

<table>
<thead>
<tr>
<th>Category</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ad Tech</td>
<td>Programmatic, ad networks, DMP and DSP businesses</td>
</tr>
<tr>
<td>Agency Services</td>
<td>Creative, branding, media planning and buying, traditional marketing (e.g. direct marketing, OOH)</td>
</tr>
<tr>
<td>Content Production</td>
<td>Digital content or commercials production as a service</td>
</tr>
<tr>
<td>Consultancy Services</td>
<td>Marketing related consultancies</td>
</tr>
<tr>
<td>Full Service Digital</td>
<td>Companies that provide full suite of screen-based marketing products and services</td>
</tr>
<tr>
<td>Marketing Tech</td>
<td>Software license models e.g. CRM platforms, marketing automation solutions, retargeting, content management systems, automated email tools</td>
</tr>
<tr>
<td>Research</td>
<td>Market research services</td>
</tr>
<tr>
<td>Specialist Digital</td>
<td>Companies with a specific focus on a narrow set of screen-based marketing products and services e.g. mobile marketing, UX/UI and performance marketing</td>
</tr>
<tr>
<td>Strategic Communications</td>
<td>Public Relation and communications services</td>
</tr>
<tr>
<td>Tech Services</td>
<td>Marketing related technology implementation services</td>
</tr>
</tbody>
</table>