

PRESS RELEASE

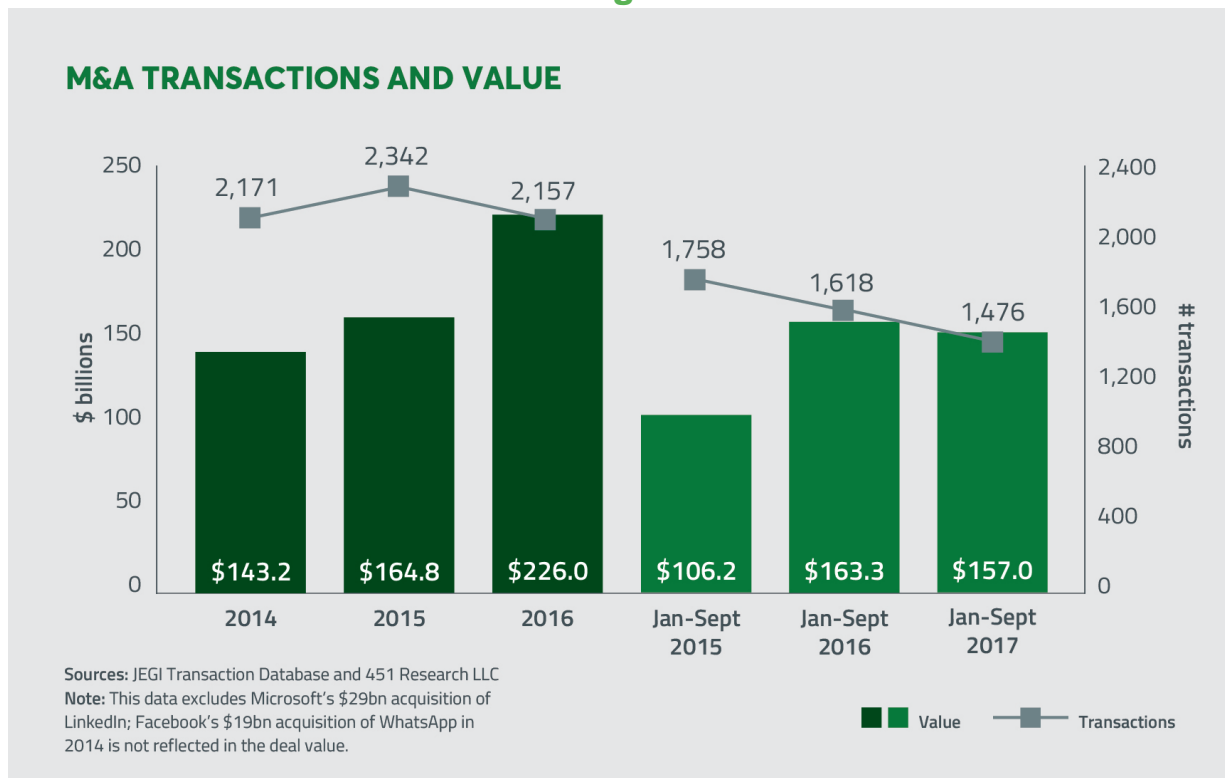


Press Launch Date:
New York, NY October 4, 2017

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JEGI Q3 2017 M&A OVERVIEW

Active M&A Market Points to Strong Finish for 2017

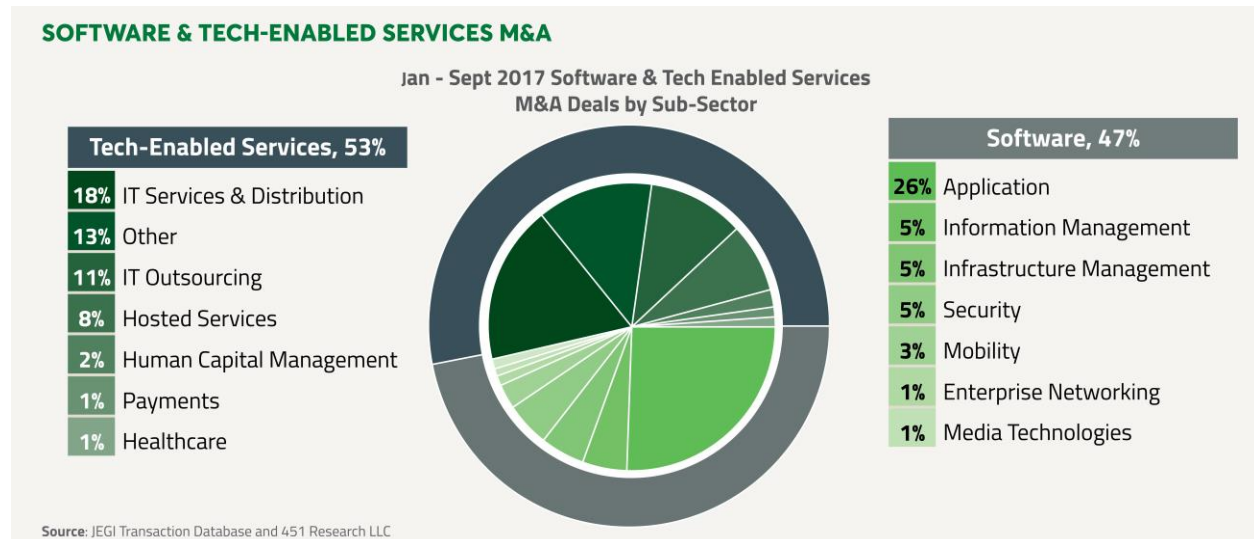


Though facing slight market headwinds, mergers and acquisitions through the third quarter of 2017 totalled nearly 1,500 announced transactions and \$160 billion in value across the media, information, marketing, software and tech-enabled services sectors.

Deal value is on pace with 2016 levels through the same period, and 2017 is set to far surpass 2014 and 2015. While the first nine months of 2017 saw 142 fewer deals than the same period in 2016, Q3 2017 drew even with Q3 2016, signalling an uptick heading into the fourth quarter.

The three largest transaction announcements in Q3 2017 included the acquisition of Scripps Networks Interactive by Discovery Communications for \$15.1 billion, Vantiv's acquisition of Worldpay for \$11.9 billion, and the acquisition of WebMD Health by Internet Brands, via financial sponsor KKR, for \$4.8 billion.

Software and Tech-Enabled Services



The software and tech-enabled services sectors accounted for 46% of M&A deal flow through September 2017, consistent with 2016. However, software saw a 60% decline in value and a 30% decline in number of deals, while tech-enabled services rose 74% in value and 27% in number of deals over the same period.

The software sector saw 318 transactions through Q3 2017 vs. 453 through Q3 2016, and deal value decreased significantly, dropping from \$42.2 billion in Q3 2016 to \$16.7 billion in Q3 2017. The sector's decline can be attributed to the numerous multi-billion deals that took place through Q3 of last year, including the Oracle acquisition of NetSuite for \$9.1 billion; the KKR acquisition of Epicor Software from Apax Partners for \$3.3 billion; and the Genesys Telecommunications Laboratories acquisition of Interactive Intelligence for \$1.5 billion. In comparison, the largest deal in the software sector for Q3 2017 was the Centerbridge Partners acquisition of SyncSort, a developer of data integration and management software, for \$1.2 billion. Other notable transactions in the space through the third quarter of 2017 included the DigiCert acquisition of Symantec's Website Security Business for \$950 million and the Itron acquisition of Silver Spring Networks, a developer of IP-based networking products, for \$948 million.

Application software accounted for 56% of deals within the software sector, and 26% of overall deals within the combined software and tech-enabled services sector. Notable application software transactions included the Scientific Games Corporation acquisition of NYX Gaming Group, an online B2B gaming software company, for \$631 million; the Envestnet acquisition of FolioDynamix, a wealth management SaaS platform, for \$195 million; and the Allscripts Healthcare Solutions acquisition of McKesson Corporation's hospital and health system IT business, Enterprise Information Solutions, for \$185 million.

The tech-enabled services sector saw a sharp increase in value through Q3 2017 to \$44.8 billion versus \$25.8 billion through Q3 2016, with deal volume hitting 357 deals compared to 282 in the same period of 2016.



One of the largest deals to take place during Q3 2017 across all sectors was the \$11.9 billion Vantiv acquisition of Worldpay Group, a payment processing technology and services company, helping to drive this increase within the tech-enabled services sector. Other notable transactions include the: Walt Disney Company acquisition of BAMTech, a direct-to-consumer live entertainment and video streaming services company, for \$1.6 billion; Fortive acquisition of Landauer, an integrated radiation safety products and services company, for \$762 million; Pitney Bowes acquisition of Newgistics, a company providing omni-channel commerce software and technology services, for \$475 million; and the Comcast acquisition of Stringify, a provider of Internet of Everything services, for an undisclosed amount.

Second to application software was the IT Services and Distribution subsector, making up 34% of the tech-enabled services sector, and 18% of the total combined sector. Notable IT services and distribution transactions included the HIG Capital acquisition of NCI Information Systems, a company providing government IT services, for \$283 million; the ManTech International acquisition of InfoZen, a public-sector IT Services company, for \$180 million; and AE Industrial Partners acquisition of CDI Corporation, a general IT & outsourced services company, for \$154 million.

JEGI Very Active in Q3 2017

JEGI saw a strong third quarter, with eight deal closings and several others moving toward completion. In Q3, the firm represented:

- Becker's Healthcare, a leading source of cutting-edge business information for healthcare industry leaders, in its recapitalization by Pamlico Capital
- DMGT in the sale of Hobsons' Admissions, a leading supplier of CRM and application management software to higher education institutions, to Campus Management Corp., a Leeds Equity Partners portfolio company
- TheaterMania, a leading SaaS provider of ticketing and related digital media for the entertainment industry, in its sale to AudienceView (a portfolio company of Rubicon Technology Partners)
- MFV Group, a leading global event organizer for the franchise industry, in its sale to Comexposium
- *Daily Racing Form*, a leading provider of data and intelligence for the horse racing industry, in its sale to Z Capital Partners
- AlliedPRA (a portfolio company of Core Capital), the largest destination management company in the United States in its sale to CI Capital Partners
- Wyndham Jade, a leading event technology and travel management company, in its sale to MCI
- MarketCast (a portfolio company of Kohlberg & Company), the preeminent provider of strategic insights and data analytics to marketers and researchers in the entertainment industry, in its acquisition of Fizziology

Stay tuned for additional deal announcements in the coming months.

Looking Ahead

The outlook remains favorable heading toward the final quarter of 2017. The Conference Board Consumer Confidence Index held fairly steady at 119.8 in September. Lynn Franco, the Director of Economic Indicators at The Conference Board said, "Confidence in Texas and Florida decreased considerably, as these two states



were the most severely impacted by Hurricanes Harvey and Irma. Overall, consumers’ assessment of current conditions remains quite favorable and their expectations for the short-term suggest the economy will continue expanding at its current pace.”

The Bureau of Labor Statistics reported that total nonfarm payroll employment increased by 156,000 in August. The US unemployment rate stands at 4.4%, slightly up from the 16-year low of 4.3% reached in July, while average hourly earnings increased slightly. The National Federation of Independent Businesses Index of Small Business Optimism rose to 105.3 in August, its highest level since 2006. 37% of small business owners expect the economy to improve, 32% have plans to make capital outlays, 27% expect their real sales to be higher, and 27% believe now is a good time to expand. Consumer and small business confidence drives confidence for larger enterprises to plan and invest, which in turn drives mergers and acquisitions.

M&A Highlights in Q3 2017

M&A ACTIVITY BY SECTOR						
Sector	2016		2017		% Change	
	January - September		January - September		# Deals	Value
	# Deals	Value (mil)	# Deals	Value (mil)		
B2B Media & Technology	76	\$3,738	63	\$2,637	(17%)	(29%)
Consumer Media & Technology	161	\$14,927	162	\$47,330	1%	217%
Database & Information Services	38	\$39,235	28	\$9,399	(26%)	(76%)
Exhibitions & Conferences	49	\$2,498	47	\$1,431	(4%)	(43%)
Marketing Services & Technology	471	\$32,695	432	\$33,725	(8%)	3%
Mobile Media & Technology	88	\$2,184	69	\$968	(22%)	(56%)
Software	453	\$42,207	318	\$16,740	(30%)	(60%)
Tech-Enabled Services	282	\$25,806	357	\$44,795	27%	74%
TOTAL	1,618	\$163,291	1,476	\$157,024	(9%)	(4%)

Sources: JEGI Transaction Database and 451 Research LLC

Note: JEGI has refined the classification of the M&A transactions being completed in the markets we cover, updating previously released data. This data excludes Microsoft's \$29bn acquisition of LinkedIn.

Deal value for the **b2b media and technology** sector decreased 29% through Q3 2017, totaling \$2.6 billion vs. \$3.7 billion through Q3 2016, after removing the \$29 billion Microsoft/LinkedIn transaction from 2016 data. The number of transactions was down 27% through Q3 over the same period. This decrease in value is due to the Q3 2016 Informa acquisition of Penton for \$1.5 billion and the Q3 2016 Ritchie Bros. Auctioneers acquisition of \$758.5 million – Q3 2017 did not see any deals of the same size. The decreased number of deals was due to a slow Q2 2017, seeing only 11 transactions in this sector, as opposed to 25 in Q2 2016. Q3 2017 M&A activity was driven by the Elsevier acquisition of Berkeley Electronic Press, a cloud-based software hosting platform; the Amazon acquisition of Graphiq, a data aggregation platform; IDERA’s acquisition of Sencha, a web application development platform; the Pamlico Capital acquisition of Becker’s Healthcare, a provider of B2B events and media for the US healthcare market; the Lyft acquisition of YesGraph, a referral recruiting platform; Informa’s acquisition of Dove Medical Press, a company specializing in the publication of open access peer-reviewed scientific, technology, and medical journals; the Tableau acquisition of



ClearGraph, an app designed to analyze data through language query technology; and the CI Capital Partners acquisition of AlliedPRA, a destination management company. JEGI represented Beckers' Healthcare and AlliedPRA in the previously mentioned transactions.

Deal volume in the **consumer media and technology** sector was steady at 162 transactions through Q3 2017 vs. 161 deals through Q3 2016, while deal value rose significantly to \$47.3 billion, up from \$14.9 billion in 2016. This significant increase in deal value was due to several multi-billion dollar transactions in the sector, including the largest transaction in Q3 2017: the announced acquisition of Scripps Networks Interactive, a developer of lifestyle content in the home, food and travel categories for television, the internet and emerging platforms, by Discovery Communications for \$15.1 billion. Other notable transactions in Q3 2017 include the: Internet Brands acquisition of WebMD Health, an online healthcare publication and information company, for \$4.8 billion; Red Ventures acquisition of Bankrate, a provider of financial publishing services, for \$1.6 billion; Global Payments acquisition of the communities and sports division of Active Network, a cloud-based activity and participant management software company, for \$1.2 billion; Netflix acquisition of Millarworld, a comic book publishing company, for an undisclosed amount; parent company of Apartments.com CoStar Group announced acquisition of ForRent.com, operator of an online home search platform, for \$385 million; and Z Capital Partners acquisition of *Daily Racing Form*, a provider of data and intelligence for the horse racing industry, for an undisclosed amount. JEGI represented *Daily Racing Form* in this transaction.

The number of transactions in the **database and information services** sector declined 26% through Q3 2017, with 28 transactions, compared to 38 deals in the same period of 2016. Deal value saw a significant 76% drop in the first three quarters of 2017, with a value of \$9.4 billion versus \$39.2 billion in the same period of 2016. This was due in large measure to the IHS/Markit merger for \$7.4 billion that was announced in Q1 2016 and the Quintiles Transnational Holdings acquisition of IMS Health for \$13.6 billion, which was announced in Q2 2016. Notable Q3 2017 announcements included the: Pharmaceutical Research Associates acquisition of Symphony Health Solutions, a company providing data, applications, analytics and consulting services to life sciences companies, for \$530 million; IHS Markit acquisition of automotiveMastermind, a predictive analytics company for automotive dealers, for \$435 million; Great Hill Partners acquisition of ZoomInfo, a SaaS company providing business information, for \$240 million; and Allscripts Healthcare Solutions acquisition of the NantHealth patient engagement solutions business and FusionFX solution unit for \$62 million.

M&A activity in the **exhibitions and conferences** sector was relatively steady in terms of deal volume, with 47 transactions through Q3 2017 vs. 49 deals in the same period of 2016. Deal value, however, decreased 43% from \$2.5 billion through Q3 2016 to \$1.4 billion through Q3 2017, due to the Vista Equity Partners acquisition of Cvent, a cloud-based enterprise event management platform, for \$1.6 billion in Q2 2016. Notable transactions announced in Q3 2017 included the: Future Publishing acquisition of Centaur Consumer Exhibitions Limited, a home-building and renovations trade show management service, and Ascent Publishing Limited, for \$42 million; Blackstone acquisition of Clarion Events, an organizer and producer of events and exhibitions based in Britain, for an undisclosed amount; Comexposium acquisitions of MFV Group, an organizer of worldwide franchise events, and Converse Media, a B2B industry events specialist focused on Scandinavia, for undisclosed sums; and MCI acquisition of Wyndham Jade, a provider of event and travel management services, for an undisclosed sum. JEGI represented MFV Group and Wyndham Jade in these transactions.



The **marketing services and technology** sector continues to be very active, with 432 transactions accounting for \$33.7 billion in value through Q3 2017. Deal value increased slightly at 3% through Q3 2017 versus the same period of 2016, although the number of deals decreased 8% for the sector from 471 in 2016. Market research and consulting transactions accounted for nearly 45% of deal value in the sector, with 67 deals totaling over \$15 billion. This sub-sector saw several notable deals announced in Q3 including the OptumInsight acquisition of the Advisory Board Company, a provider of technology and advisory services to the healthcare industry, for \$3.0 billion; Genstar Capital’s acquisition of Institutional Shareholder Services, a company providing corporate governance and responsible investment services, for \$720 million; and Accenture’s acquisition of BrandLearning, a marketing and sales consultancy. JEGI’s investment banking partner – Clarity – led this transaction.

MARKETING SERVICES & TECHNOLOGY - M&A BY SUB-SECTOR			
Industry Sub-Sector	2017		
	January - September		
	# Deals	Value (mil)	% Value
Ad Agency	78	\$8,515	25.2%
Ad Network / Ad Tech	19	\$960	2.8%
Content Marketing	8	\$125	0.4%
Data & Analytics	50	\$2,708	8.0%
Digital Agency	62	\$1,257	3.7%
Experiential Marketing	9	\$150	0.4%
Market Research / Consulting	67	\$15,135	44.9%
Marketing Technology	63	\$3,004	8.9%
PR Agency	17	\$239	0.7%
Social Media Marketing	10	\$167	0.5%
Video Marketing	7	\$274	0.8%
Other	42	\$1,190	3.5%
Total	432	\$33,725	100.0%

Agency deals accounted for more than 25% of deal value in the marketing services and technology sector, totaling \$8.5 billion for the first nine months of the year. Notable agency transactions in Q3 included the Sizmek acquisition of Rocket Fuel, a digital advertising company, for \$210 million; the WPP acquisitions of Design Bridge, a branding and advertising company, and thjnk, an advertising agency; Deloitte Digital’s acquisition of Acne, an advertising and design company; the Accenture acquisitions of Wire Stone, a marketing agency, and MATTER, a design firm; the PricewaterhouseCoopers acquisition of Optimisa Holdings, a marketing services company serving consumer goods, financial services, media, information technology and telecommunications, healthcare, leisure, and retail markets in Europe; and the Publicis acquisition of Herd, an agency specializing in public relations, social media, content and creative services.

The Marketing Technology subsector accounted for nearly 15% of total marketing deals and 9% of value in the first three quarters of 2017. Marketing tech saw several notable deals in Q3 2017, including the: Ellie Mae Acquisition of Velocity, a cloud-based intelligent sales software, for \$128 million; Harland Clarke subsidiary Valassis Communications acquisition of MaxPoint Interactive, a developer of real-time digital marketing technology designed to drive in-store sales for online advertisers and brand marketers, for \$124 million; Lo-Q acquisition of Blazer & Flip Flops, a developer of a consumer engagement platform, for \$83 million; Shutterstock acquisition of FlashStock Technology, an operator of a visual content platform for marketers and advertisers, for \$50 million; Rubicon Project acquisition of nToggle, an algorithm-driven big data platform that helps supply and demand partners manage the bid stream, for \$39 million; and Campus Management acquisition of Hobsons Admissions CRM software business for an undisclosed amount. JEGI represented Hobsons in the previously mentioned transaction.



Other notable marketing services and technology transactions in Q3 2017 included the RTL Group acquisition of SpotXChange, an online video advertising platform, for \$404 million; the Real Page acquisition of On-Site, a marketing suite providing lead management tools, for \$250 million; and Facebook's acquisition of Source3, a platform providing management of intellectual property in user-generated content, for an undisclosed amount.

M&A activity for the **mobile media and technology** sector declined in both deal volume and value through Q3 2017, to 69 transactions and \$968 million in value, compared to 88 deals and \$2.2 billion in value through Q3 2016. 2016 activity was driven by Microsoft's \$400 million acquisition of mobile application software developer Xamarin and several deals in the \$50-100 million range. Notable Q3 2017 transactions included the Upland Software acquisition of Waterfall International, a developer of a cross-channel marketing software service, for \$25 million; Facebook's acquisition of Ozlo, an application specializing in understanding ambiguous phrases in subjective text-based conversations; the Alphabet acquisition of Senosis Health, a mobile health monitoring application company; and the Accenture acquisition of Intrepid Pursuits, a company providing mobile-based applications.

ABOUT JEGI

JEGI has been the leading independent investment bank for the global media, information, marketing, software and tech-enabled services sectors for 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 650 high-profile M&A and financing transactions, serving global corporations; middle-market and emerging companies; entrepreneurs; and private equity and venture capital firms. For more information, visit www.jegi.com.