



# Market Update Marketing Technology & Services

Q1 2018

## Key Highlights

- **Lincoln Update:**  
Recently opened new offices in San Francisco and Stockholm, continuing the expansion of the global Technology, Media and Telecom group
- **Measures that Matter:**  
GDPR Risks and Opportunities
- **Subsector Highlight:**  
Data-Driven Marketing Services
- **Key Transaction:**  
Bazaarvoice, a leading provider of customer-generated content, advertising and personalization solutions, has been taken private by Marlin Equity Partners for \$521 million

## Lincoln International's Marketing Technology & Services Coverage

Lincoln International recognizes the importance of understanding a client's industry, value drivers, growth opportunities and challenges. Our extensive marketing technology and services expertise provides in-depth market insights, deep relationships with the most active strategic and financial partners and superior knowledge on how to best position a business and overcome potential issues. These attributes, combined with our globally integrated resources and flawless execution, enable us to consistently deliver outstanding outcomes for our clients.

Lincoln International's dedicated Marketing Technology & Services coverage team has established itself among the most active M&A advisors in the mid-market. Our senior bankers provide sector-specific expertise, global buyer access and unmatched execution within the

marketing technology and services space, particularly in our key areas of focus below:

- Data Analytics
- Data-Driven Marketing Services
- Digital Marketing Services
- Marketing Technology & Automation
- Traditional Marketing Services

### MT&S Coverage Team:

**Peter Stack**  
Managing Director (Chicago)  
pstack@lincolninternational.com  
+1 (312) 506-2711

**Michael Fineman**  
Director (Chicago)  
mfineman@lincolninternational.com  
+1 (312) 506-2704

## Lincoln News



has sold a minority stake to



has been sold to



a portfolio company of



has sold



to



has sold



to



has sold



to



## Measures that Matter: GDPR Risks and Opportunities

### GDPR's Broad Reach



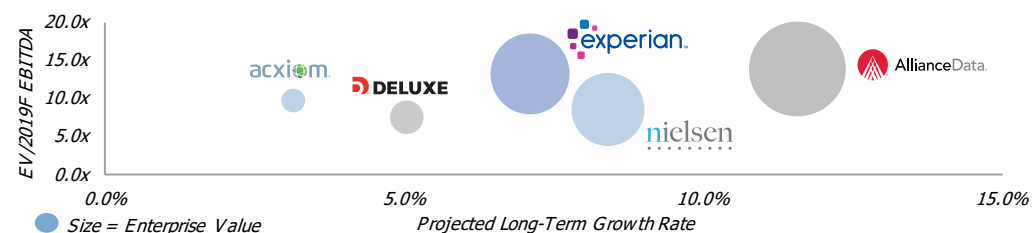
Source: Technodocs

## EU Regulation is Changing the Marketing Landscape

The General Data Protection Regulation (GDPR), governing the use of consumers' personal data in the EU, becomes enforceable at the end of May and it's important that investors in the marketing technology and services sector be aware of the associated risks and opportunities. The new regulation, which was approved by the EU Parliament in April 2016, dictates that companies must first receive explicit permission from consumers to use their data. Companies in violation face fines of €20 million or 4% of global revenue, whichever is greater – a substantial penalty for companies like Facebook that generated over \$40 billion of global revenue in 2017.

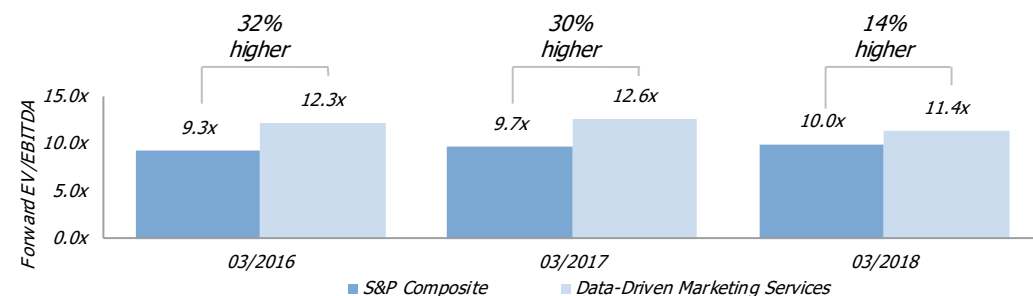
Companies that are GDPR compliant will have a significant advantage in the market, including being better positioned to solicit clients and channel partners within the EU and beyond, and to compete for investment with companies that have not yet mitigated the regulatory risk. GDPR will also create barriers for new entrants in the EU market given the material cost to meet and maintain the regulatory requirements. Some companies are opting to withdraw from the EU market as a result of GDPR; however, others are capitalizing on the regulation by adding capabilities in first-party data verification and cleansing, creating potential opportunities for investors.

### Sector Spotlight: Data-Driven Marketing Services



Note: EBITDA forecasts based on analyst consensus estimates

### Forward EV / EBITDA Multiples



Note: EBITDA forecasts based on analyst consensus estimates

## Lincoln International Marketing Technology &amp; Services Index

Company Name	Stock Price	% of 52 Week High	Market Cap	Enterprise Value	LTM		YoY Revenue Growth	EBITDA Margin	Enterprise Value / LTM	
					Revenue	EBITDA			Revenue	EBITDA
<b>Marketing Agencies</b>										
Dentsu Inc.	\$43.73	71.0%	\$12,327	\$14,317	\$8,246	\$1,610	5.9%	19.5%	1.7x	8.9x
Hakuhodo DY Holdings Inc	13.66	85.6%	5,095	4,137	11,686	532	3.8%	4.6%	0.4x	7.8x
ICF International, Inc.	58.45	94.3%	1,088	1,283	1,229	113	2.6%	9.2%	1.0x	11.4x
MDC Partners Inc.	7.20	58.7%	421	1,469	1,514	176	6.5%	11.6%	1.0x	8.4x
Omnicom Group Inc.	72.67	83.8%	16,734	18,621	15,274	2,342	(1.5%)	15.3%	1.2x	8.0x
Publicis Groupe S.A.	69.58	82.0%	15,738	16,629	11,635	2,145	11.3%	18.4%	1.4x	7.8x
The Interpublic Group of Companies, Inc.	23.03	88.5%	8,854	9,723	7,882	1,131	0.3%	14.3%	1.2x	8.6x
WPP plc	15.89	63.8%	19,812	26,760	20,633	3,190	11.2%	15.5%	1.3x	8.4x
<b>Mean</b>		<b>78.5%</b>					<b>5.0%</b>	<b>13.6%</b>	<b>1.2x</b>	<b>8.6x</b>
<b>Digital Marketing</b>										
Alibaba Group Holding Limited	\$183.54	89.0%	\$471,602	\$468,868	\$34,874	\$13,747	51.7%	39.4%	13.4x	34.1x
Alphabet Inc.	1,037.14	86.6%	719,249	621,347	110,855	35,781	17.0%	32.3%	5.6x	17.4x
Endurance International Group Holdings, Inc.	7.40	77.9%	1,048	2,888	1,177	283	0.7%	24.0%	2.5x	10.2x
Facebook, Inc.	159.79	81.8%	464,190	422,479	40,653	23,228	34.2%	57.1%	10.4x	18.2x
GoDaddy Inc.	61.42	95.2%	9,014	11,132	2,232	291	17.2%	13.1%	5.0x	NM
LendingTree, Inc.	328.15	81.1%	4,018	3,888	618	85	46.3%	13.8%	6.3x	NM
QuinStreet, Inc.	12.77	87.2%	590	548	336	11	12.9%	3.4%	1.6x	NM
Snap Inc.	15.87	67.3%	19,473	17,446	825	(3,384)	60.1%	(410.3%)	NM	NM
Twitter, Inc.	29.01	78.8%	21,703	19,094	2,443	345	(1.6%)	14.1%	7.8x	NM
Web.com Group, Inc.	18.10	69.7%	774	1,409	749	150	(0.2%)	20.0%	1.9x	9.4x
<b>Mean</b>		<b>81.5%</b>					<b>23.8%</b>	<b>(19.3%)</b>	<b>6.1x</b>	<b>17.9x</b>
<b>Marketing Technology</b>										
Adobe Systems Incorporated	\$216.08	93.4%	\$106,413	\$102,148	\$7,699	\$2,724	25.1%	35.4%	13.3x	NM
Cardlytics, Inc.	14.63	69.7%	293	527	130	(14)	8.3%	(10.8%)	4.0x	NM
ChannelAdvisor Corporation	9.10	71.9%	246	194	123	(7)	6.4%	(5.8%)	1.6x	NM
Cision Ltd.	11.57	84.6%	1,439	2,570	632	207	17.9%	32.8%	4.1x	12.4x
Criteo S.A.	25.84	46.1%	1,709	1,315	2,297	229	20.0%	10.0%	0.6x	5.7x
Marin Software Incorporated	6.65	43.0%	38	14	75	(20)	(19.4%)	(26.5%)	0.2x	NM
salesforce.com, inc.	116.30	90.2%	85,176	82,887	10,480	897	24.9%	8.6%	7.9x	NM
Shopify Inc.	124.59	80.5%	13,126	12,182	673	(33)	51.6%	(4.8%)	18.1x	NM
Telaria, Inc.	3.76	71.0%	196	119	44	(18)	(74.8%)	(42.0%)	2.7x	NM
<b>Mean</b>		<b>72.3%</b>					<b>6.7%</b>	<b>(0.4%)</b>	<b>5.8x</b>	<b>9.1x</b>
<b>Traditional Marketing Communications</b>										
Cimpress N.V.	\$154.70	90.1%	\$4,751	\$5,652	\$2,440	\$193	19.0%	7.9%	2.3x	29.3x
InnerWorkings, Inc.	9.05	75.2%	485	583	1,136	47	4.5%	4.2%	0.5x	12.3x
Quad/Graphics, Inc.	25.35	81.0%	1,336	2,235	4,131	454	(3.6%)	11.0%	0.5x	4.9x
R.R. Donnelley & Sons Company	8.73	58.0%	612	2,463	6,940	451	0.2%	6.5%	0.4x	5.5x
<b>Mean</b>		<b>76.1%</b>					<b>5.0%</b>	<b>7.4%</b>	<b>0.9x</b>	<b>13.0x</b>
<b>Data-Driven Marketing Services</b>										
Acxiom Corporation	\$22.71	69.0%	\$1,787	\$1,839	\$897	\$82	2.0%	9.1%	2.0x	22.5x
Alliance Data Systems Corporation	212.86	76.5%	11,805	33,433	7,719	1,738	5.2%	22.5%	4.3x	19.2x
comScore, Inc.	24.07	77.6%	1,316	1,287	404	(146)	(1.3%)	(36.3%)	3.2x	NM
Deluxe Corporation	74.01	93.8%	3,539	4,189	1,966	485	4.7%	24.7%	2.1x	8.6x
Experian plc	21.57	90.0%	19,549	23,185	4,439	1,548	2.4%	34.9%	5.2x	15.0x
Nielsen Holdings plc	31.79	72.9%	11,338	19,321	6,572	1,701	3.5%	25.9%	2.9x	11.4x
<b>Mean</b>		<b>80.0%</b>					<b>2.7%</b>	<b>13.5%</b>	<b>3.3x</b>	<b>15.3x</b>

Sources: Bloomberg, Capital IQ and company filings, as of 3/31/2018

**02/23/2018: Tronc (NASDAQ:TRNC)**, an Illinois-based media company, is selling some of its larger print assets and wants to invest some of the proceeds into digital properties, and is considering buying **TheStreet**, a provider of financial news and information.

## Market Intelligence

**03/28/2018: The Marketing Group (NASDAQ:TMG)**, the UK-based digital marketing and advertising group, expects to make acquisitions before the end of 2018. It has a strong pipeline of large and small acquisition opportunities and is focusing on the UK, Continental Europe and the US.

**02/26/2018: MDC Partners (NASDAQ:MDCA)**, the New York-based marketing and communications company, is interested in making acquisitions and could undertake a deal this year. The company is continuing to deleverage its balance sheet, but is it is now positioned to evaluate M&A opportunities.

**02/22/18: IAC (NASDAQ:IAC)**, the New York-based media and Internet company, would like to make three or four acquisitions in 2018 as it scouts for assets in video creation and in marketplaces where it can drive offline-to-online conversions.

**02/06/18: Acxiom (NASDAQ:ACXM)**, is realigning its portfolio into two distinct business units, LiveRamp and Acxiom Marketing Solutions. Those two units will center around data augmentation, people-based marketing, data management and strategies and analytics services. The company is exploring options for its traditional marketing business segment.

**Bazaarvoice**, a leading provider of consumer-generated content, advertising and personalization solutions, has been taken private by **Marlin Equity Partners** for \$521 million.

## Select Q1 M&A Activity

### Q1 Spotlight Transaction

Bazaarvoice, a leading provider of consumer-generated content ("CGC"), advertising and personalization solutions, has been acquired by affiliates of Marlin Equity Partners for \$521 million. The transaction, originally announced in November 2017, was completed on February 1, 2018, with Bazaarvoice stockholders receiving \$5.50 per share in cash (formerly traded publicly as NASDAQ:BV). Bazaarvoice's stockholders approved the transaction at a special meeting held on January 29, 2018.

Bazaarvoice helps brands and retailers target and acquire consumers with highly contextual, genuine content. Monthly, more than one-half billion consumers utilize the Bazaarvoice

Network to view and share authentic CGC, including ratings and reviews, as well as curated visual content, across 5,500 brand and retail websites.

"Our long-term strategy is to help brands and retailers around the world use CGC to enhance the customer experience and stand out in the constantly changing digital environment," said Gene Austin, Chief Executive Officer and President of Bazaarvoice. "Marlin has a strong history of growing businesses in the software sector and we are excited to have a partner that is supportive of our vision to bring innovative e-commerce and data-driven solutions to market faster and more efficiently."

### Select M&A Transactions

Closed	Target	Target Description	Acquirer
Announced	Meredith Xcelerated Marketing	Operates as a digital and customer relationship marketing agency	Accenture
Announced	CommerceHub	Provides cloud-based e-commerce fulfillment and marketing solutions	GTCR
Announced	Carted	Provides digital marketing services for online grocery shopping	Bell Media
Announced	The Glitch	Provides digital marketing and content solution services	GroupM Worldwide
Announced	Main Street Hub	Develops and operates an online marketing platform for local businesses	GoDaddy
Announced	Blackhawk Network Holdings	Provides physical and electronic prepaid gift, telecom and debit cards	Silver Lake Partners and P2 Capital
Announced	Avvo	Operates as an online marketplace that connects consumers and lawyers	Internet Brands
18-Apr	Bunchball	Provides gamification solutions	Schoeneckers
18-Mar	Rise Interactive	Provides digital media and analytics services	Quad/Graphics
18-Mar	FSE	Provides product data management and syndication services	Gladson Interactive
18-Mar	WebCollage	Operates as a cloud-based platform to manage and publish information	Gladson Interactive
18-Mar	Wpromote	Provides online marketing services	Shamrock Capital
18-Feb	AddStructure	Operates as a platform for retailers to deploy search and discovery products	Bazaarvoice
18-Feb	Dealer Inspire and Launch Digital Marketing	Provides digital marketing services and software for automotive dealerships	Cars.com
18-Feb	Opoint Technology	Provides content to various media monitoring companies	Infomedia
18-Feb	Advertising Intelligence Division of Ebiquity	Provides advertising intelligence services	Nielsen Media Research
18-Feb	Direct Marketing Solutions	Provides strategic planning, account, database marketing and creative services	Main Street Capital
18-Feb	Great Lakes Script Center	Provides technology-enabled fundraising solutions for non-profit organizations	Bold Orange
18-Feb	BestReviews	Provides online consumer product reviews	Tribune Publishing Company
18-Feb	Cutler PR	Provides digital public relation services	Kite Hill Public Relations
18-Feb	Bazaarvoice	Provides marketing tools to retailer and brand clients	Marlin Equity Partners
18-Jan	iThemes	Provides WordPress plugins	Liquid Web
18-Jan	Marketron Broadcast Solutions	Provides business software solutions and services for the media industry	Diversis Capital
18-Jan	Bantam Connect	Provides call transfers, inbound call programs and real-time insurance leads	QuoteWizard.com

Source: Capital IQ, Mergermarket, Company Filings as of 3/31/2018

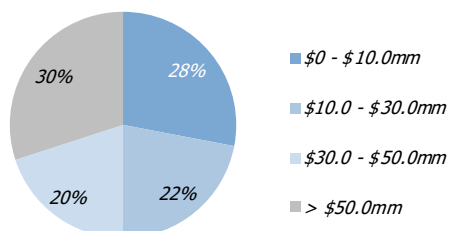
## The Lincoln VOG Database – Lincoln's Perspectives on the Mid-Market

### About the Lincoln VOG Database:

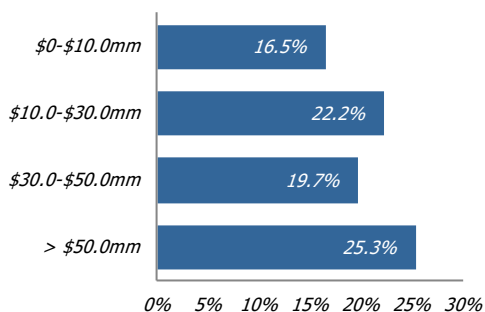
Lincoln maintains an extensive proprietary database in connection with its quarterly portfolio valuation activities by the Valuations and Opinions Group, containing financial data for a diverse group of companies across ten primary industry segments. The database offers a glimpse into the mid-market where reliable data is otherwise limited. Valuation metrics reflect observed transaction multiples. Financial results reflect information available at the end of each calendar quarter (typically, financial statements for one or two months preceding the end of the period). The database contains nearly 800 mid-market companies.

#### Trends by Size (LTM EBITDA)

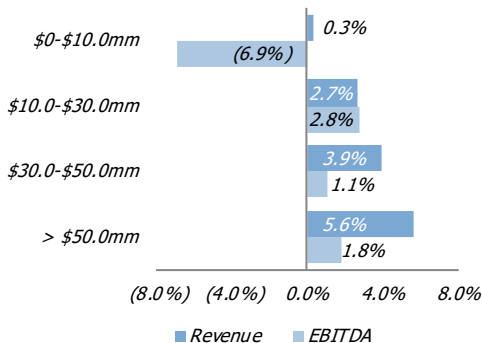
Distribution by Size



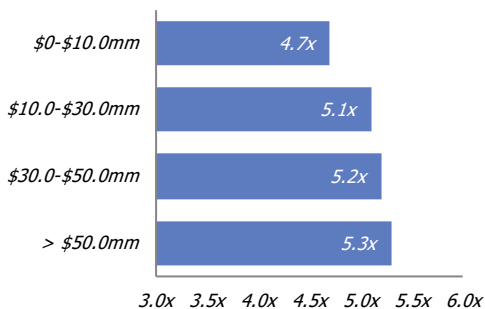
#### Average LTM EBITDA Margin by Size



#### Quarter over Prior Year Quarter Revenue and EBITDA by Size

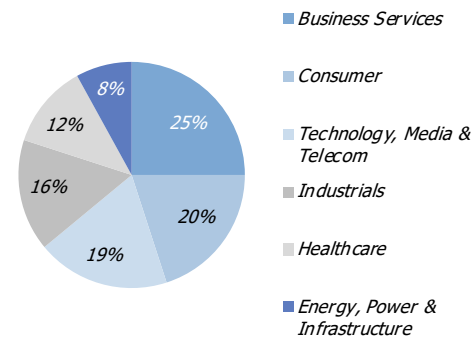


#### Average Current Leverage by Size

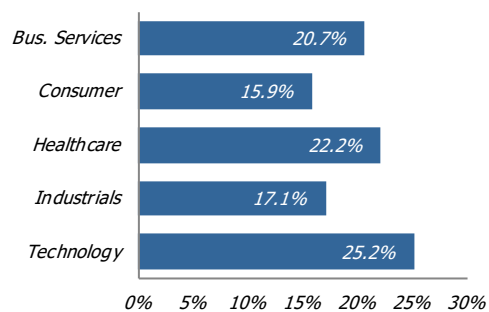


#### Trends by Industry Vertical

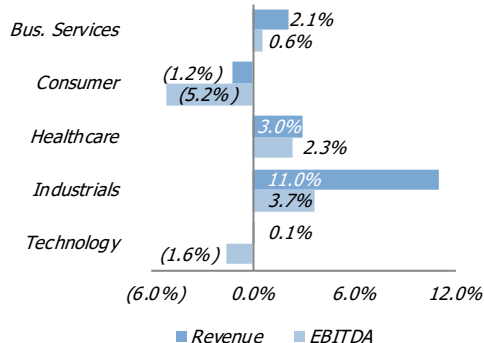
Distribution by Vertical



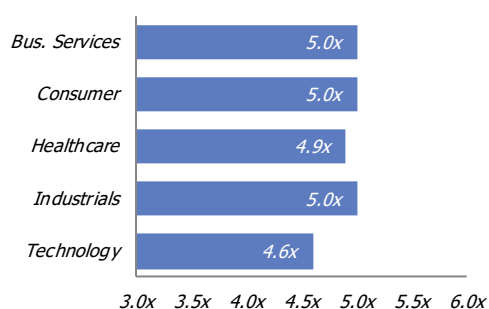
#### Average LTM EBITDA Margin by Vertical



#### Quarter over Prior Year Quarter Revenue and EBITDA by Vertical



#### Average Current Leverage by Vertical



## Global Industry Groups

Business Services  
Consumer  
Energy, Power & Infrastructure  
Healthcare  
Industrials  
Technology, Media & Telecom

## Global Locations

Amsterdam  
Beijing  
Chicago  
Dallas  
Frankfurt  
London  
Los Angeles  
Madrid  
Milan  
Moscow  
Mumbai  
Munich  
New York  
Paris  
San Francisco  
São Paulo  
Stockholm  
Tokyo  
Vienna  
Zurich

## Advisory Services

Mergers & Acquisitions  
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JV & Partnering  
Valuations & Opinions  
Special Situations

## About Lincoln International

Lincoln International specializes in merger and acquisition advisory services, debt advisory services, private capital raising and restructuring advice on mid-market transactions. Lincoln International also provides fairness opinions, valuations and joint venture and partnering advisory services on a wide range of transaction sizes. With twenty offices in the Americas, Asia and Europe, Lincoln International has strong local knowledge and contacts in key global economies. The firm provides clients with senior-level attention, in-depth industry expertise and integrated resources. By being focused and independent, Lincoln International serves its clients without conflicts of interest. More information about Lincoln International can be obtained at [www.lincolninternational.com](http://www.lincolninternational.com).

## Lincoln's Global Technology & Media Group

### North America

#### Peter Stack

Managing Director (Chicago)  
[pstack@lincolninternational.com](mailto:pstack@lincolninternational.com)  
+1 (312) 506-2711

#### Scott Twibell

Managing Director (New York)  
[stwibell@lincolninternational.com](mailto:stwibell@lincolninternational.com)  
+1 (212) 277-8104

#### Will Bowmer

Managing Director (San Francisco)  
[wbowmer@lincolninternational.com](mailto:wbowmer@lincolninternational.com)  
+1 (415) 949-4951

#### Michael Fineman

Director (Chicago)  
[mfineman@lincolninternational.com](mailto:mfineman@lincolninternational.com)  
+1 (312) 506-2704

#### Chris Gresh

Director (New York)  
[cgresh@lincolninternational.com](mailto:cgresh@lincolninternational.com)  
+1 (212) 257-7724

### Asia

#### Joe Chang

Managing Director (Beijing)  
[jchang@lincolninternational.com](mailto:jchang@lincolninternational.com)  
+86 (10) 6468-6458

#### Tetsuya Fujii

Managing Director (Tokyo)  
[tfujii@lincolninternational.com](mailto:tfujii@lincolninternational.com)  
+813-5549-7681

#### Shivani Nagpaul

Managing Director (Mumbai)  
[snagpaul@lincolninternational.com](mailto:snagpaul@lincolninternational.com)  
+91 (22) 4047 0386

### Europe

#### Géraud Estragin

Managing Director (Paris)  
[g.estrangin@lincolninternational.fr](mailto:g.estrangin@lincolninternational.fr)  
+33 (0) 1 53 53 18 24

#### Matthieu Rosset

Managing Director (Paris)  
[m.rosset@lincolninternational.fr](mailto:m.rosset@lincolninternational.fr)  
+33 (0) 1 53 53 17 23

#### Edward Lethbridge

Managing Director (London)  
[elethbridge@lincolninternational.com](mailto:elethbridge@lincolninternational.com)  
+44 (20) 7632 5224

#### Chris Brooks

Managing Director (London)  
[cbrooks@lincolninternational.com](mailto:cbrooks@lincolninternational.com)  
+44 20 7632 5248

#### Filippo Lardera

Managing Director (Milan)  
[f.lardera@lincolninternational.it](mailto:f.lardera@lincolninternational.it)  
+39 (02) 30300708

#### Andrei Joosten

Managing Director (Moscow)  
[a.joosten@lincolninternational.ru](mailto:a.joosten@lincolninternational.ru)  
+7 (495) 770 00 51

#### Julian Heerden

Director (Frankfurt)  
[j.heerden@lincolninternational.com](mailto:j.heerden@lincolninternational.com)  
+49 (0) 69 97 105 438

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