

## INFORMATION INDUSTRY

*The Production and Provision of Content*

### FULL YEAR 2014 :: Mergers and Acquisitions Trend Report

#### 2014 KEY HIGHLIGHTS

- The largest private equity backed transaction in 2014 was Leonard Green & Partners, L.P. and CVC Capital Partners' acquisition of Advantage Sales and Marketing for \$4.2 billion.
- Strategic acquisitions represented 86 percent of total volume and 73 percent of total value, respectively.

#### 2014 KEY TRENDS

- Total transaction volume in 2014 increased by eight percent over 2013, from 3,652 to 3,954.
- As for the industry's horizontal markets, Software had the largest rise in volume with a 14 percent increase.
- Total transaction value in 2014 rose by 38 percent over 2013, from \$162.54 billion to \$224.44 billion.
- The Online and Mobile horizontal, which nearly doubled from \$66.58 billion to \$126.74 billion, experienced the industry's largest improvement in value.
- The median revenue multiple saw an uptick from 2.1x in 2013 to 2.3x in 2014. The median EBITDA multiple moved slightly from 11.2x in 2013 to 11.0x in 2014.

#### M&A MARKET OVERVIEW

Berkery Noyes tracked 11,151 Information Industry transactions between 2012 and 2014, of which 2,665 disclosed financial terms, and calculated the aggregate value to be \$402.92 billion. Based on known transaction values, we project values of 8,486 undisclosed transactions to be \$136.03 billion, totaling \$538.94 billion worth of transactions tracked over the past three years.

Disclosed median enterprise value multiples for all segments combined in this report during the last 36 months were 2.1x revenue and 10.6x EBITDA.

Out of 11,151 deals tracked by Berkery Noyes between 2012 and 2014, transactions valued at \$160 million and above garnered a median enterprise value multiple of 3.2x revenue. In contrast, companies with transaction values between \$10 million and \$20 million captured a median enterprise value multiple of 1.7x revenue.

#### M&A Market Dynamics

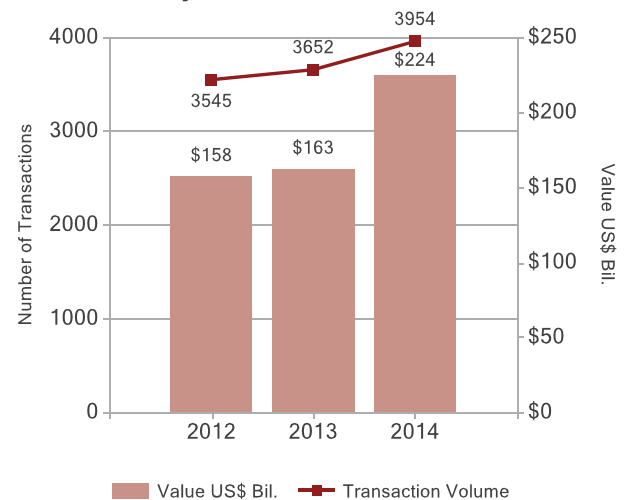


Figure 1. 2012-2014 value and volume comparison.

#### Median Enterprise Value Multiples

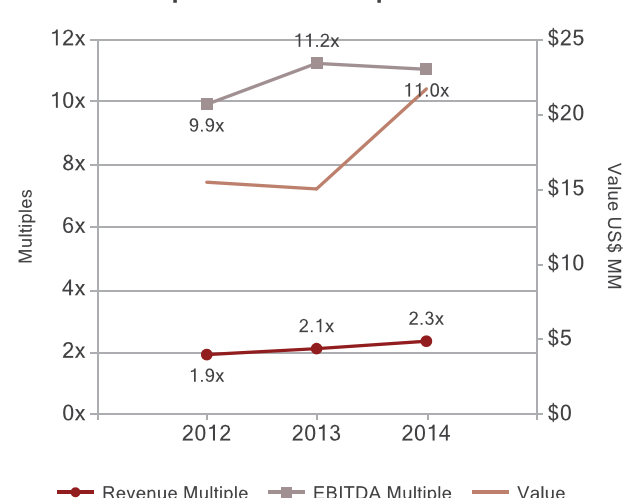
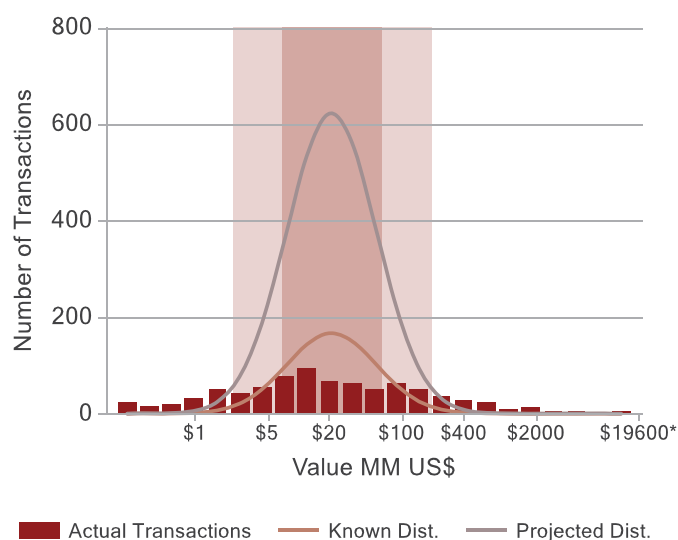


Figure 2. 2012-2014 median value, revenue, EBITDA comparison.

# Transaction Analysis :: January 1, 2014 – December 31, 2014

**Bell Curve - Histogram**



**Figure 3.** Shows the distribution of Information Industry transactions based on publicly available information and Berkery Noyes estimates. Using a logarithmic scale, we determined that nearly one-third of companies purchased had transaction values of \$7.4 billion to \$54.6 billion. Based on this data, we estimate the total transaction value of deals done in 2014 at \$224.4 billion.

\* Indicates largest transaction in the industry from Jan. 1, 2014 to Dec. 31, 2014.

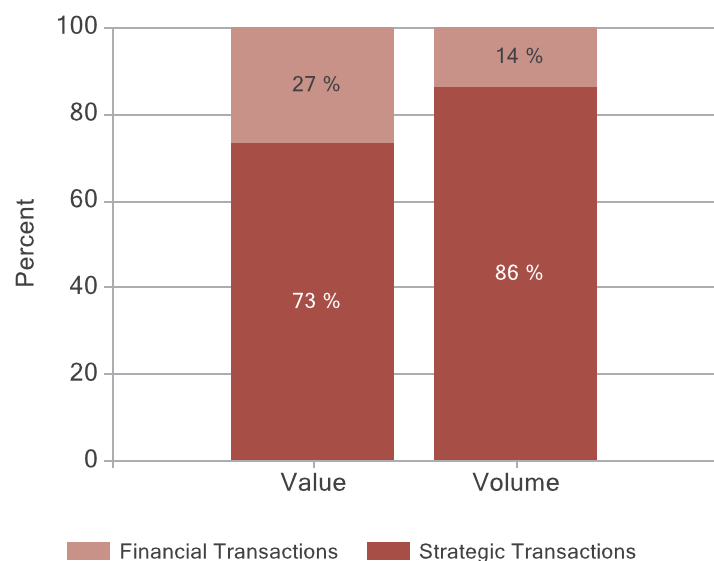
**Distribution Table**

Value in MM US\$	Known Number	Projected Number	Total Number	%	Cumulative %
\$0.2	22	0	22	3 %	3 %
\$0.4	17	0	17	2 %	5 %
\$0.6	21	1	22	3 %	7 %
\$1.0	32	6	37	4 %	11 %
\$1.6	51	24	74	6 %	17 %
\$2.7	43	76	118	5 %	22 %
\$4.5	55	187	241	7 %	29 %
\$7.4	78	358	435	9 %	38 %
\$12.2	92	534	626	11 %	49 %
\$20.1	67	621	688	8 %	57 %
\$33.1	61	563	623	7 %	65 %
\$54.6	52	397	448	6 %	71 %
\$90.0	64	218	282	8 %	78 %
\$148.4	51	93	144	6 %	85 %
\$244.7	36	31	67	4 %	89 %
\$403.4	28	8	36	3 %	92 %
\$665.1	25	2	26	3 %	95 %
\$1,096.6	7	0	7	1 %	96 %
\$1,808.0	13	0	13	2 %	98 %
\$2,981.0	4	0	4	0 %	98 %
\$4,914.8	1	0	1	0 %	98 %
\$8,103.1	0	0	0	0 %	98 %
\$13,359.7	1	0	1	0 %	98 %
Total #	835	3119	3954		
Total \$ Value	\$158,461	\$65,981	\$224,443		
Middle 3rd of Industry		Middle 2/3rds of Industry			

**Figure 4.** Presents the data depicted in the bell curve histogram.

## Strategic vs. Financial Comparison

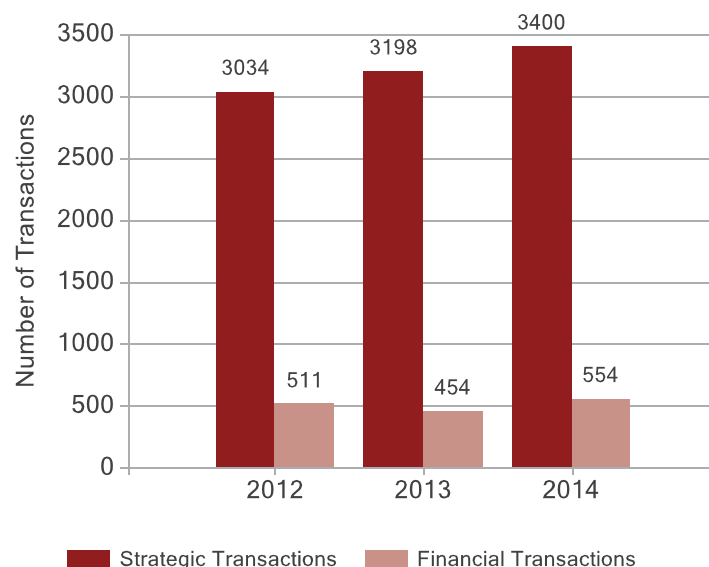
**M&A Dynamics By Transaction Type**



**Figure 5.** 2014 value and volume comparison by acquirer type.

**Note:** Financial transactions are those financed by private equity, venture capital, and other investment firms. This includes acquisitions by portfolio companies of the investment firms.

**Transaction Type**



**Figure 6.** 2012-2014 acquirer type comparison by year.

## Purchaser Analysis

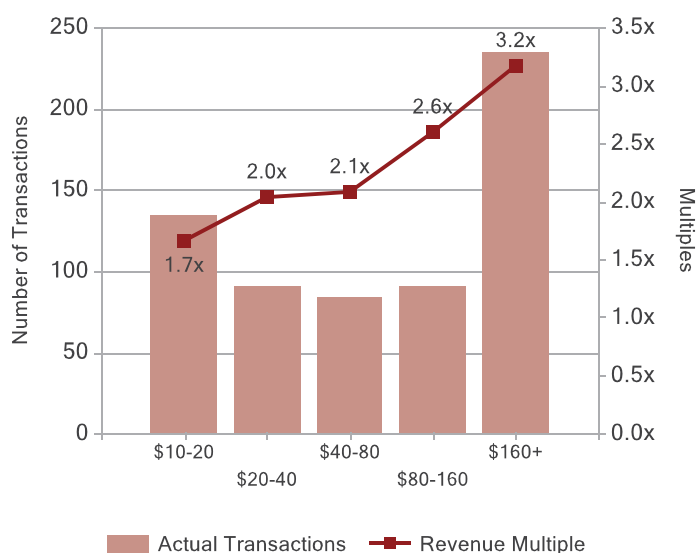
### Top Ten Notable Transactions 2014

Deal Date	Target Name	Buyer	Value MM US\$
02/19/14	WhatsApp	Facebook	\$19,645
09/18/14	Concur Technologies, Inc.	SAP America, Inc.	\$7,603
06/23/14	MICROS Systems, Inc.	Oracle Corporation	\$4,604
06/16/14	Advantage Sales and Marketing	Leonard Green & Partners, L.P., CVC Capital Partners	\$4,200
09/29/14	TIBCO Software Inc.	Vista Equity Partners	\$4,110
11/03/14	Sapient Corporation	Publicis Groupe SA	\$3,368
07/28/14	Trulia, Inc.	Zillow, Inc.	\$2,908
09/15/14	TriZetto	Cognizant Technology Solutions	\$2,700
03/03/14	Catalina	Berkshire Partners LLC	\$2,500
09/15/14	Mojang AB	Microsoft Corporation	\$2,500
2014 Aggregate Transaction Value			\$224,443
Top 10 Aggregate Transaction Value			\$54,138
<b>Top 10 Aggregate Value as a Percentage of All Transactions</b>			<b>24 %</b>

**Figure 7.** Lists the top ten transactions for 2014 and calculates their aggregate transaction value as a percentage of the total aggregate transaction value as shown in Figure 1 & 4.

**Note:** Transaction data based on **announced date**. Deal value represents total consideration paid by the acquirer.

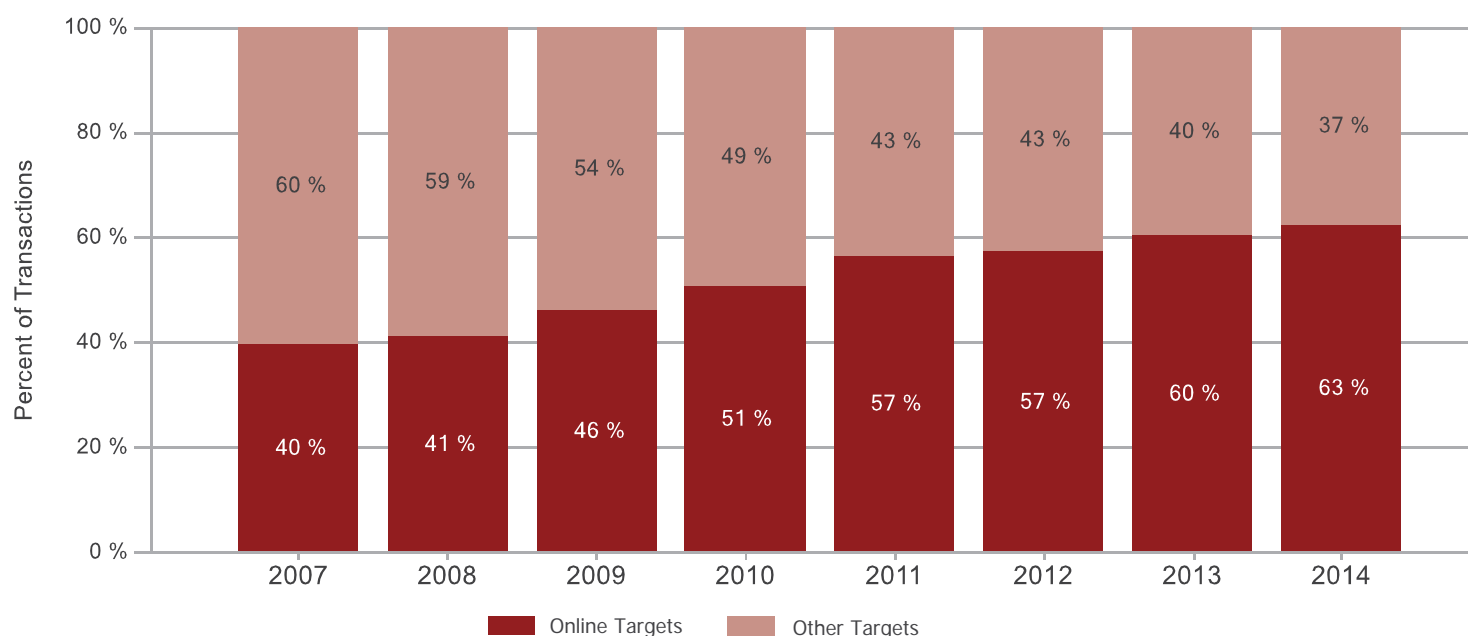
### Median EV/Revenue Multiples By Size



**Figure 8.** Presents the median enterprise value/revenue multiples paid for companies in the Information Industry from Jan. 1, 2012 to Dec. 31, 2014 based on publicly available data.

## Transactions Involving an Online Component

### Transaction Percentages of Online Targets



**Figure 9.** Percentage of total Information Industry transactions where the target company conducts the majority of their business online. The total percentages are measured by year from 2007-2014.

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All charts in this report are based on data gathered by Berkery Noyes' research department. All time period statistics are based on the transaction announcement date.

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