



## ONLINE & MOBILE INDUSTRY

### 1ST HALF 2016 :: Mergers and Acquisitions Trend Report

#### 1ST HALF 2016 KEY HIGHLIGHTS

- The largest deal in 1st Half 2016 was Microsoft Corporation's announced acquisition of LinkedIn, a business social networking site, for \$25.93 billion. This was the highest value transaction ever completed by Microsoft.
- There were 204 financially sponsored transactions with an aggregate value of \$11.29 billion, representing 14 percent of the total volume and 12 percent of the total value, respectively.

#### 1ST HALF 2016 KEY TRENDS

- Total transaction volume in 1st Half 2016 increased by nine percent over 2nd Half 2015, from 1,346 to 1,464.
- The number of deals in the mobile application subsector rose by 18 percent, from 188 to 221 transactions.
- Total transaction value in 1st Half 2016 gained 12 percent over 2nd Half 2015, from \$85.88 billion to \$96.14 billion.
- The median revenue multiple experienced an uptick from 2.1x in 2nd Half 2015 to 2.3x in 1st Half 2016. The median EBITDA multiple remained nearly constant during this timeframe at 11.7x.
- Transactions in 1st Half 2016 with enterprise values above \$160 million received a median revenue multiple of 4.9x, whereas those in the \$10-\$20 million range had a median revenue multiple of 1.3x.
- The segment with the largest increase in volume in 1st Half 2016 over 2nd Half 2015 was E-Commerce with a 16 percent rise, from 319 to 369 transactions.

#### M&A MARKET OVERVIEW

Berkery Noyes tracked 6,795 Online & Mobile transactions between 2014 and 1st Half 2016, of which 1,442 disclosed financial terms, and calculated the aggregate transaction value to be \$281.94 billion. Based on known transaction values, we project values of 5,353 undisclosed transactions to be \$102.47 billion, totaling \$384.41 billion worth of transactions tracked over the past two and a half years.

Disclosed median enterprise value multiples for all segments combined in this report during the last 30 months were 2.4x revenue and 11.6x EBITDA.

#### M&A Market Dynamics By Half Year

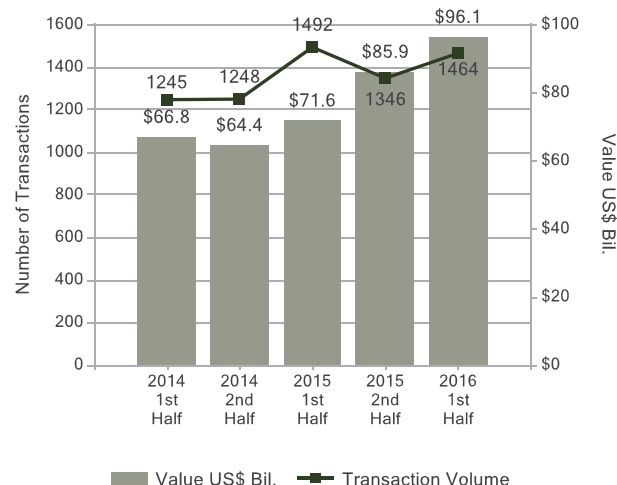


Figure 1. 2014-2016 value and volume comparison.

#### Median Enterprise Value Multiples By Half Year

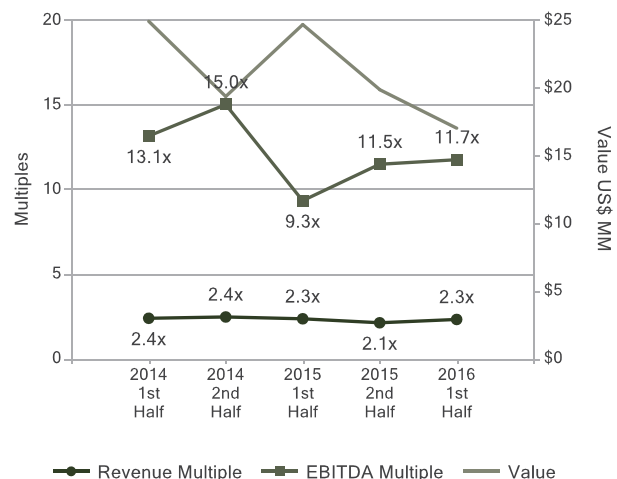
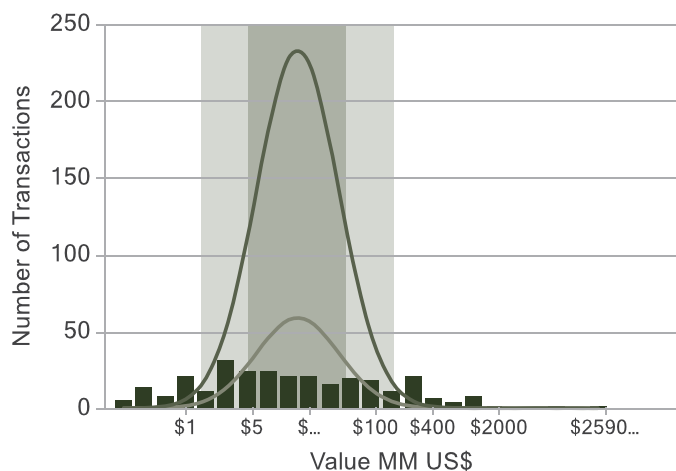


Figure 2. 2014-2016 median: value, revenue, EBITDA comparison.

# Transaction Analysis :: January 1, 2016 – June 30, 2016

**Bell Curve - Histogram - 1st Half**



Actual Transactions Known Dist. Projected Dist.

**Figure 3.** Shows the distribution of Online and Mobile Industry transactions based on publicly available information and Berkery Noyes estimates. Using a logarithmic scale, we determined that nearly two-thirds of companies purchased had transaction values of \$1.0 million to \$244.7 million. Based on this data, we estimate the total transaction value of deals done in 1st Half 2016 at \$96.1 billion.

\* Indicates largest transaction in the industry from Jan. 1, 2016 to June 30, 2016.

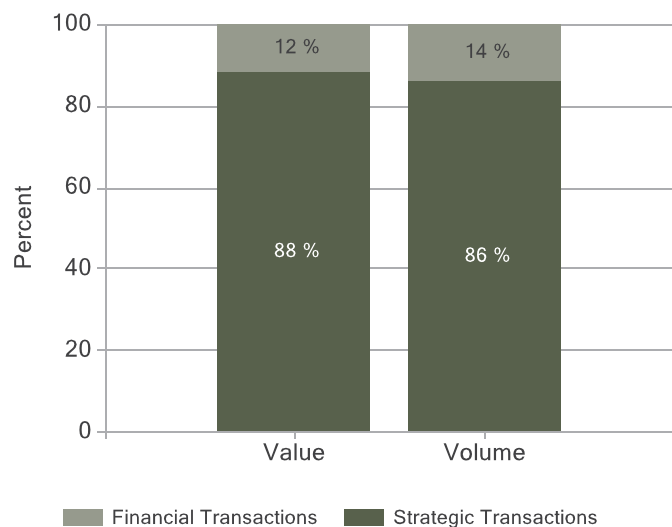
**Distribution Table**

Value in MM US\$	Known Number	Projected Number	Total Number	%	Cumulative %
\$0.2	5	0	5	2 %	2 %
\$0.4	14	0	14	5 %	6 %
\$0.6	8	1	9	3 %	9 %
\$1.0	21	6	26	7 %	16 %
\$1.6	11	20	30	4 %	20 %
\$2.7	32	53	85	11 %	31 %
\$4.5	24	111	134	8 %	39 %
\$7.4	24	180	203	8 %	47 %
\$12.2	21	228	248	7 %	54 %
\$20.1	21	224	245	7 %	61 %
\$33.1	16	172	188	5 %	67 %
\$54.6	20	103	122	7 %	74 %
\$90.0	18	48	65	6 %	80 %
\$148.4	11	17	28	4 %	83 %
\$244.7	21	5	25	7 %	91 %
\$403.4	6	1	7	2 %	93 %
\$665.1	4	0	4	1 %	94 %
\$1,096.6	7	0	7	2 %	96 %
\$1,808.0	1	0	1	0 %	97 %
\$2,981.0	0	0	0	0 %	97 %
\$4,914.8	0	0	0	0 %	97 %
\$8,103.1	2	0	2	1 %	97 %
\$13,359.7	0	0	0	0 %	97 %
\$22,026.5	1	0	1	0 %	98 %
Total #	295	1169	1464		
Total \$ Value	\$78,370	\$17,768	\$96,139		
Middle 3rd of Industry		Middle 2/3rds of Industry			

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

## Strategic vs. Financial Comparison

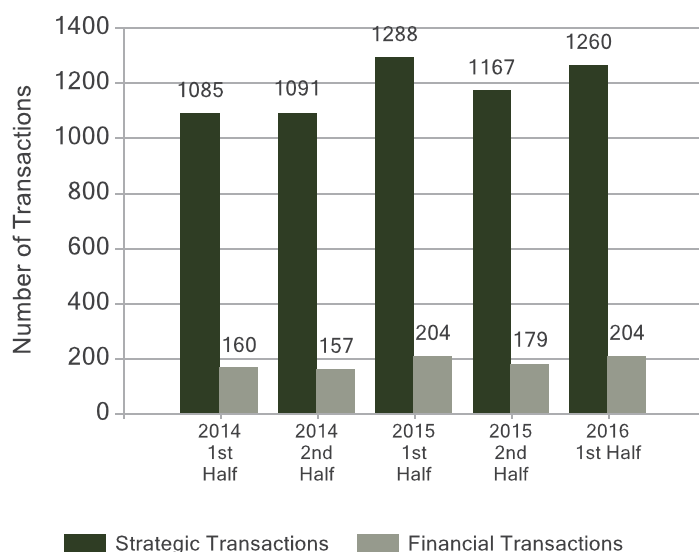
**M&A Dynamics By Transaction Type - 1st Half**



**Figure 5.** 1st Half 2016 value and volume comparison by transaction 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 By Half Year**



**Figure 6.** 2014-2016 acquirer type comparison by half year.

# Purchaser Analysis

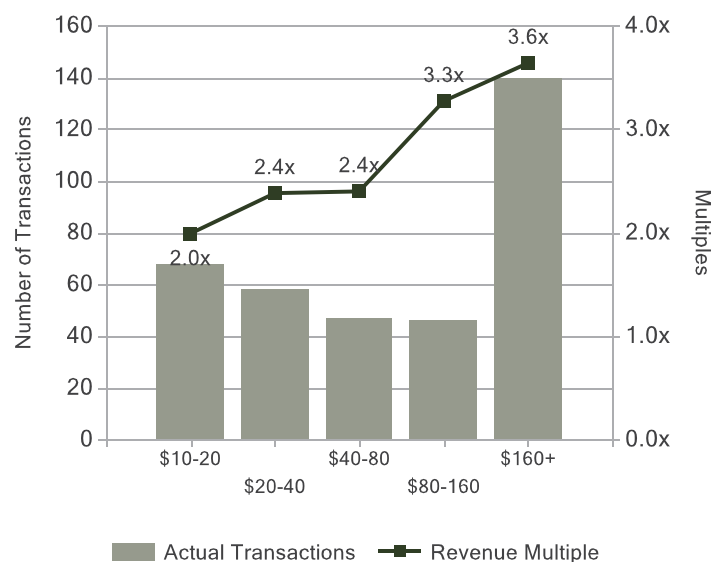
## Top Ten Notable Transactions - 1st Half 2016

Deal Date	Target Name	Buyer	Value MM US\$
06/13/16	LinkedIn Corporation	Microsoft Corporation	\$25,927
03/21/16	Markit Group Ltd.	IHS, Inc.	\$10,974
06/21/16	Supercell	Tencent Holdings Ltd.	\$8,600
06/01/16	Demandware, Inc.	Salesforce.com, Inc.	\$2,662
05/31/16	Marketo, Inc	Vista Equity Partners	\$1,624
01/11/16	LOEN Entertainment	Kakao	\$1,409
02/04/16	Jasper Technologies, Inc.	Cisco Systems, Inc.	\$1,400
04/18/16	Cvent, Inc.	Vista Equity Partners	\$1,342
02/10/16	Opera Software	Golden Brick Consortium	\$1,268
04/29/16	TiVo Inc.	Rovi Corporation	\$1,234
2016 Aggregate Transaction Value			\$96,139
Top 10 Aggregate Transaction Value			\$56,439
Top 10 Aggregate Value as a Percentage of All Transactions			59 %

**Figure 7.** Lists the top ten transactions for 1st Half 2016 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**.

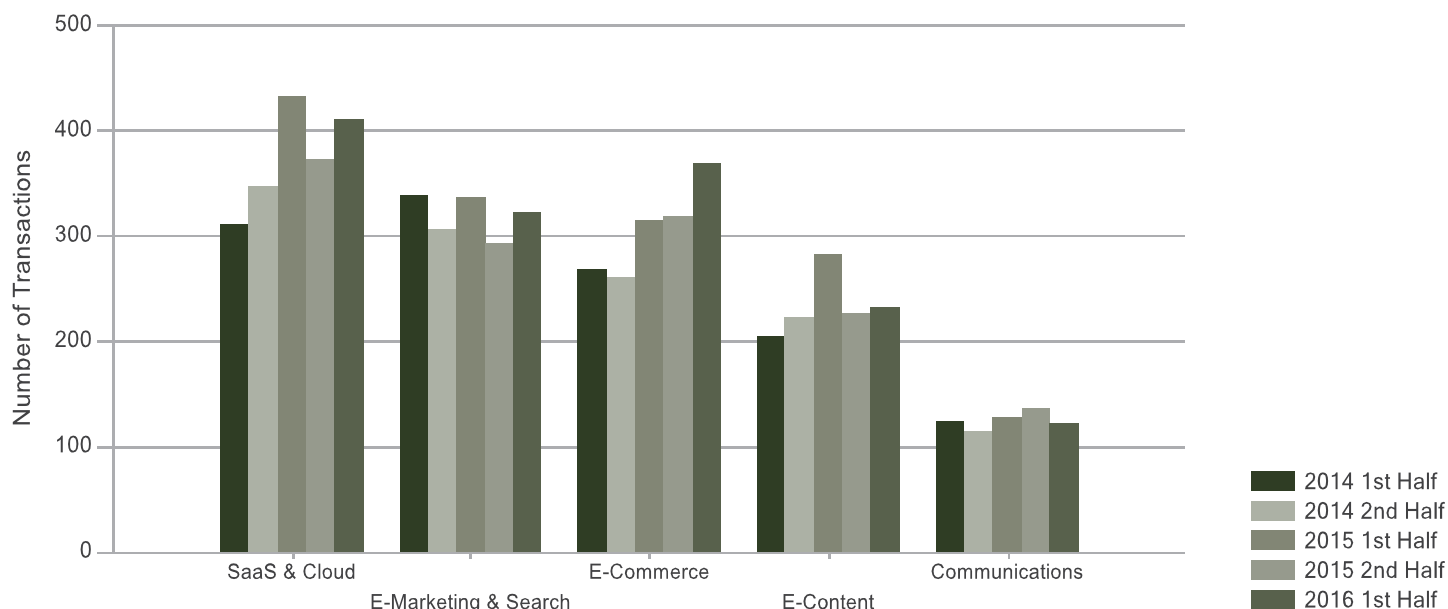
## Median EV/Revenue Multiples By Size



**Figure 8.** Presents the median enterprise value/revenue multiples paid for companies in the Online and Mobile Industry from January 1, 2014 to June 30, 2016 based on publicly available sales price and revenue data.

# Transaction Volume by Segment :: January 1, 2014 – June 30, 2016

## Transactions By Market Segment By Half Year



**Figure 9.** Presents transaction volume by market segment within the Online and Mobile Industry from January 1, 2014 through June 30, 2016.

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*Chief Information Officer*



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. The information contained herein is of a general nature and is not intended to address the circumstances of any particular company, individual, or entity.

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