

INFORMATION INDUSTRY

The Production and Provision of Content

FULL YEAR 2016 :: Mergers and Acquisitions Trend Report

2016 KEY HIGHLIGHTS

- Each of the Information Industry's top three largest deals in 2016 occurred in the Media & Marketing horizontal. These three transactions, with a combined value of \$153.9 billion, accounted for slightly more than one-third of the industry's aggregate value during the year.
- Strategic acquisitions represented 86 percent of total volume and 83 percent of total value, respectively.

2016 KEY TRENDS

- Total transaction volume in 2016 remained about constant over 2015, from 4,434 to 4,405.
- As for notable market segments, E-Commerce volume in the Online & Mobile horizontal increased by 11 percent; Consumer Software volume in the Software horizontal improved by four percent; and Entertainment Content volume in the Media & Marketing horizontal rose by four percent.
- Total transaction value in 2016 improved by 27 percent over 2015, from \$340.44 billion to \$433.89 billion.
- The median revenue multiple from 2015 to 2016 stayed the same at 2.1x. The median EBITDA multiple moved slightly, from 10.9x in 2015 to 11.3x in 2016.

M&A MARKET OVERVIEW

Berkery Noyes tracked 12,825 Information Industry transactions between 2014 and 2016, of which 2,780 disclosed financial terms, and calculated the aggregate value to be \$798.56 billion. Based on known transaction values, we project values of 10,045 undisclosed transactions to be \$208.47 billion, totaling \$1.01 trillion 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 11.2x EBITDA.

Out of 12,825 deals tracked by Berkery Noyes between 2014 and 2016, transactions valued at \$160 million and above garnered a median enterprise value multiple of 3.5x revenue. In contrast, companies with transaction values between \$10 million and \$20 million captured a median enterprise value multiple of 2.0x revenue.

M&A Market Dynamics

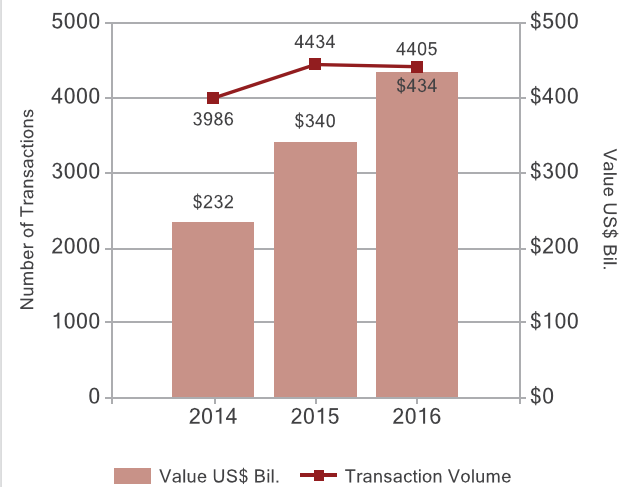


Figure 1. 2014-2016 value and volume comparison.

Median Enterprise Value Multiples

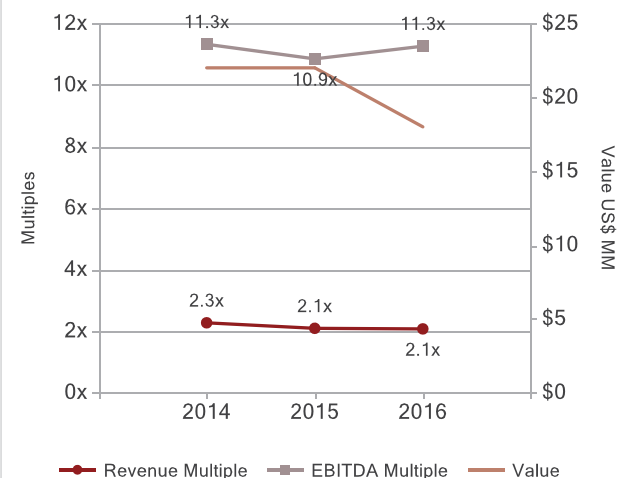


Figure 2. 2014-2016 median: value, revenue, EBITDA comparison.

Transaction Analysis :: January 1, 2016 – December 31, 2016

Bell Curve - Histogram

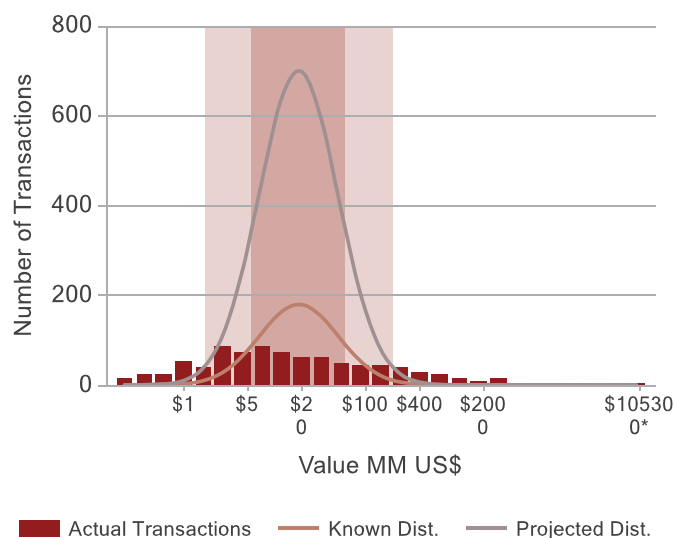


Figure 3. Shows the distribution of Information Industry transactions based on publicly available information and Berkery Noyes estimates. Using a logarithmic scale, we determined that nearly one-third of companies purchased had transaction values of \$4.5 billion to \$54.6 billion. Based on this data, we estimate the total transaction value of deals done in 2016 at \$433.9 billion.

* Indicates largest transaction in the industry from Jan. 1, 2016 to Dec. 31, 2016.

Distribution Table

Value in MM US\$	Known Number	Projected Number	Total Number	%	Cumulative %
\$0.2	14	0	14	2 %	2 %
\$0.4	26	0	26	3 %	4 %
\$0.6	24	2	26	3 %	7 %
\$1.0	51	10	60	6 %	13 %
\$1.6	40	38	77	4 %	17 %
\$2.7	86	111	196	10 %	27 %
\$4.5	73	256	328	8 %	35 %
\$7.4	86	459	544	10 %	44 %
\$12.2	73	641	713	8 %	53 %
\$20.1	62	697	759	7 %	60 %
\$33.1	61	591	651	7 %	66 %
\$54.6	49	390	438	5 %	72 %
\$90.0	46	200	246	5 %	77 %
\$148.4	44	80	124	5 %	82 %
\$244.7	40	25	65	4 %	86 %
\$403.4	29	6	35	3 %	89 %
\$665.1	24	1	25	3 %	92 %
\$1,096.6	16	0	16	2 %	94 %
\$1,808.0	9	0	9	1 %	95 %
\$2,981.0	16	0	16	2 %	97 %
\$4,914.8	1	0	1	0 %	97 %
\$8,103.1	3	0	3	0 %	97 %
\$13,359.7	0	0	0	0 %	97 %
\$22,026.5	2	0	2	0 %	97 %
\$36,315.5	0	0	0	0 %	97 %
\$59,874.1	0	0	0	0 %	97 %
\$98,715.8	1	0	1	0 %	97 %
Total #	899	3506	4405		
Total \$ Value	\$368,952	\$64,936	\$433,889		

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

Strategic vs. Financial Comparison

M&A Dynamics By Transaction Type

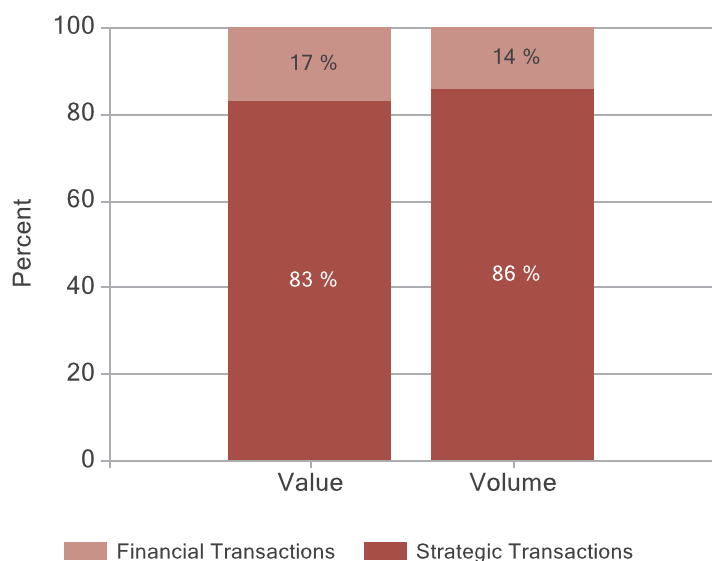


Figure 5. 2016 value and volume comparison by acquirer type.

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

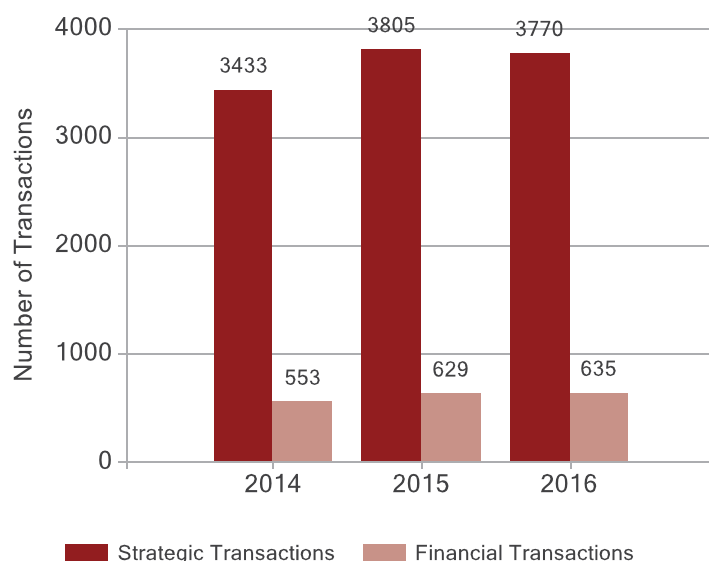


Figure 6. 2014-2016 acquirer type comparison by year.

Purchaser Analysis

Top Ten Notable Transactions 2016

Deal Date	Target Name	Buyer	Value MM US\$
10/23/16	Time Warner, Inc.	AT&T	\$105,266
06/13/16	LinkedIn Corporation	Microsoft Corporation	\$25,887
12/09/16	Sky plc	21st Century Fox	\$22,736
03/21/16	Markit Group Ltd.	IHS, Inc.	\$10,974
09/07/16	Software Business from Hewlett Packard Enterprise	Micro Focus International Limited	\$8,730
06/21/16	Supercell	Tencent Holdings Ltd.	\$8,600
07/28/16	NetSuite, Inc.	Oracle Corporation	\$6,622
07/25/16	Yahoo! Inc.	AOL Inc.	\$4,826
06/13/16	Blue Coat, Inc.	Symantec Corporation	\$4,722
11/14/16	Mentor Graphics Corporation	Siemens AG	\$4,500
2016 Aggregate Transaction Value			\$433,889
Top 10 Aggregate Transaction Value			\$202,862
Top 10 Aggregate Value as a Percentage of All Transactions			47 %

Figure 7. Lists the top ten transactions for 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**. Deal value represents total consideration paid by the acquirer.

Median EV/Revenue Multiples By Size

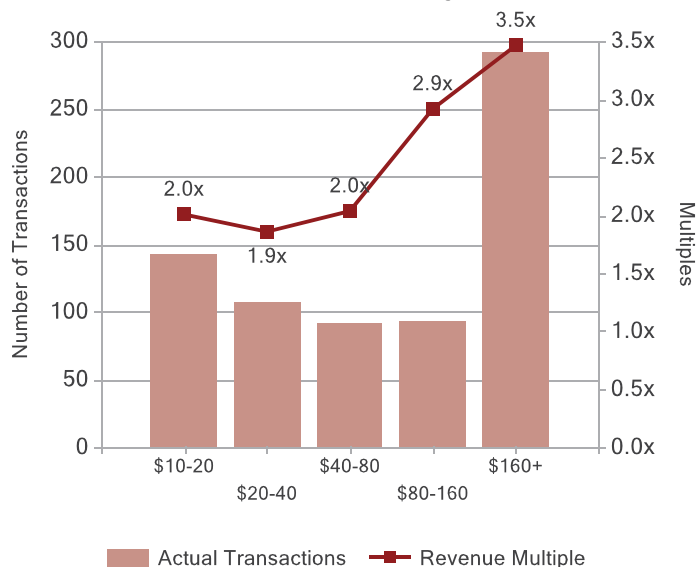


Figure 8. Presents the median enterprise value/revenue multiples paid for companies in the Information Industry from Jan. 1, 2014 to Dec. 31, 2016 based on publicly available data.

Transactions Involving an Online Component

Transaction Percentages of Online Targets

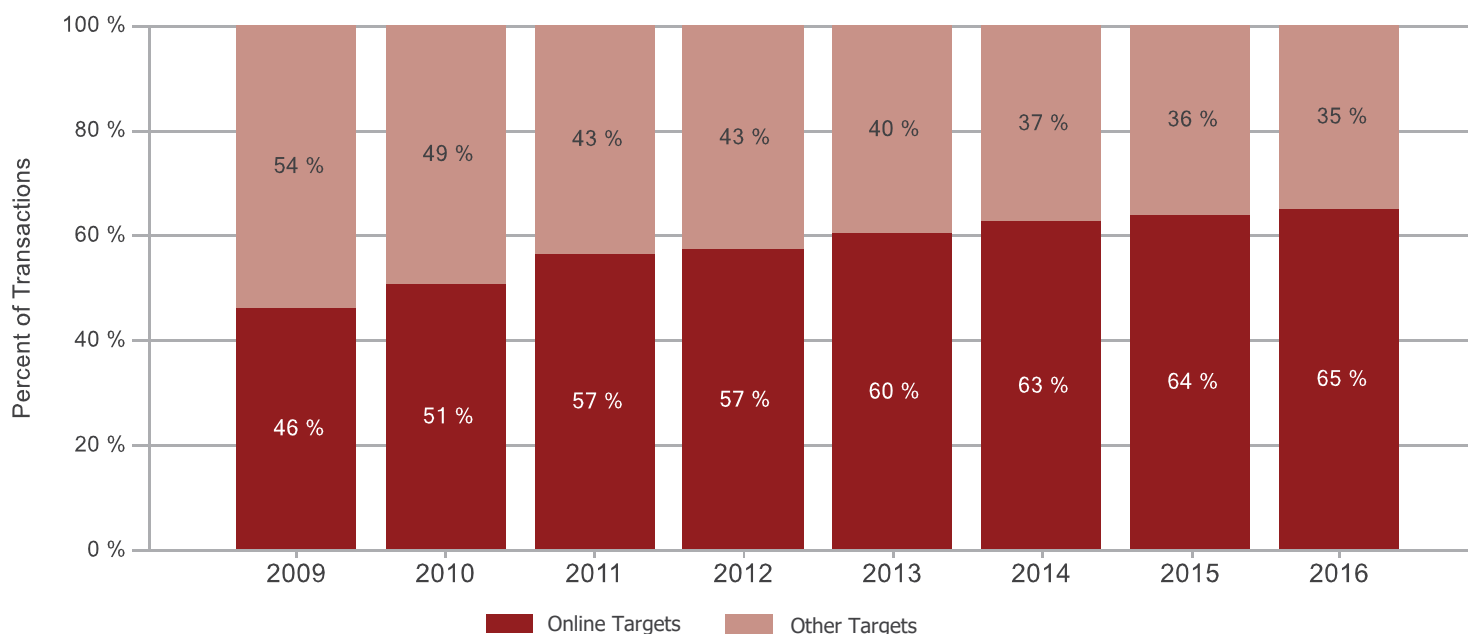


Figure 9. Percentage of total Information Industry transactions where the target company conducts the majority of their business online. The total percentages are measured by year from 2009-2016.

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