

MEDIA & MARKETING INDUSTRY

1ST HALF 2014 :: Mergers and Acquisitions Trend Report

1ST HALF 2014 KEY HIGHLIGHTS

- The largest transaction during 1st Half 2014 was Leonard Green & Partners, L.P. and CVC Capital Partners' acquisition of Advantage Sales and Marketing for \$4.2 billion.
- There were 99 financially sponsored transactions with an aggregate value of \$18.92 billion, representing 12 percent of the total volume and 38 percent of the total value, respectively.

1ST HALF 2014 KEY TRENDS

- Total transaction volume in 1st Half 2014 decreased by three percent over 2nd Half 2013, from 879 to 850.
- Total transaction value in 1st Half 2014 increased by nine percent over 2nd Half 2013, from \$45.80 billion to \$49.78 billion.
- The median revenue multiple declined from 2.0x in 2nd Half 2013 to 1.4x in 1st Half 2014. The median EBITDA multiple moved slightly from 8.9x in 2nd Half 2013 to 8.3x in 1st Half 2014.
- The segment with the largest rise in volume in 1st Half 2014 over 2nd Half 2013 was Marketing with a seven percent increase, from 284 to 305 transactions.
- Six of the top ten highest value transactions in 1st Half 2014 reached the \$1 billion threshold.
- The Internet Media segment saw a 41 percent rise in deal value, from \$5.61 billion to \$7.93 billion.

M&A MARKET OVERVIEW

Berkery Noyes tracked 4,214 Media & Marketing transactions between 2012 and 1st Half 2014, of which 987 disclosed financial terms, and calculated the aggregate transaction value to be \$151.62 billion. Based on known transaction values, we project values of 3,227 undisclosed transactions to be \$46.12 billion, totaling \$197.74 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 1.7x revenue and 8.9x EBITDA.

M&A Market Dynamics By Half Year

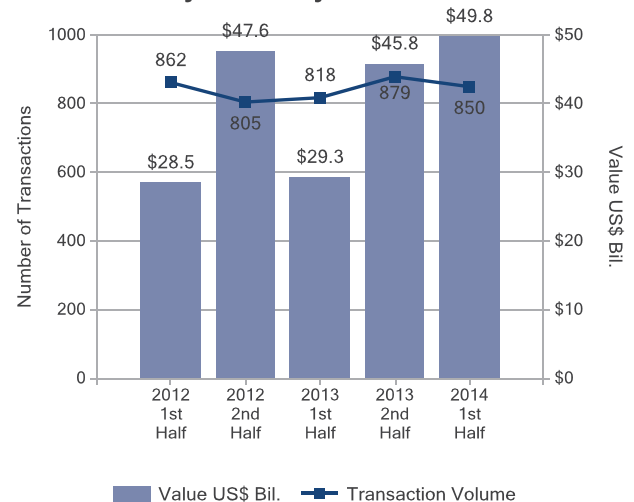


Figure 1. 2012-2014 value and volume comparison.

Median Enterprise Value Multiples By Half Year

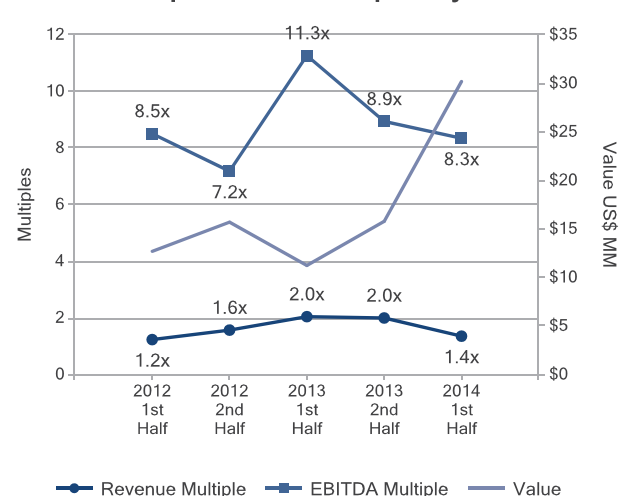
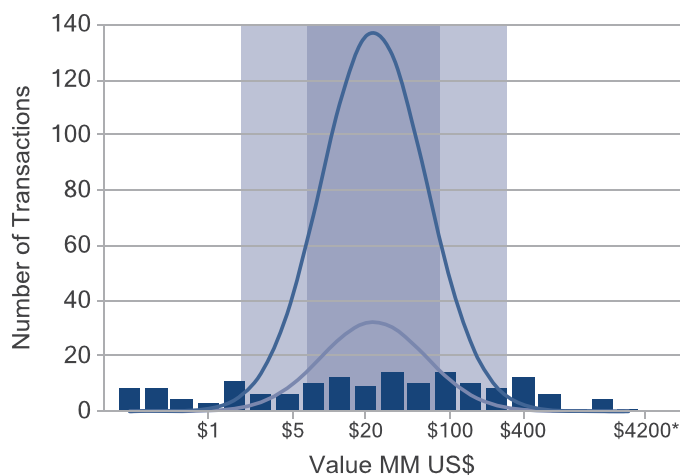


Figure 2. 2012-2014 median: value, revenue, EBITDA comparison.

Transaction Analysis :: January 1, 2014 – June 30, 2014

Bell Curve - Histogram - 1st Half



Actual Transactions Known Dist. Projected Dist.

Figure 3. Shows the distribution of Media and Marketing 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 \$1.6 million to \$403.4 million. Based on this data, we estimate total transaction value of deals done in the 1st Half of 2014 at \$49.8 billion.

*Indicates largest industry transaction from Jan. 1, 2014 to June 30, 2014.

Distribution Table

Value in MM US\$	Known Number	Projected Number	Total Number	%	Cumulative %
\$0.2	8	0	8	5 %	5 %
\$0.4	8	0	8	5 %	10 %
\$0.6	4	0	4	2 %	12 %
\$1.0	3	1	3	2 %	14 %
\$1.6	11	4	15	7 %	21 %
\$2.7	6	14	19	4 %	25 %
\$4.5	6	35	41	4 %	28 %
\$7.4	10	71	80	6 %	35 %
\$12.2	12	111	123	7 %	42 %
\$20.1	9	136	144	6 %	48 %
\$33.1	14	129	143	9 %	56 %
\$54.6	10	96	105	6 %	62 %
\$90.0	14	55	69	9 %	71 %
\$148.4	10	25	34	6 %	77 %
\$244.7	8	9	16	5 %	82 %
\$403.4	12	2	14	7 %	90 %
\$665.1	6	0	6	4 %	93 %
\$1,096.6	1	0	1	1 %	94 %
\$1,808.0	4	0	4	2 %	96 %
\$2,981.0	1	0	1	1 %	97 %
Total #	162	688	850		
Total \$ Value	\$33,738	\$16,039	\$49,777		
Middle 3rd of Industry					
Middle 2/3rds of Industry					

Figure 4. Presents the data depicted in the bell curve histogram. **Note:** The projected number column is rounded as a result of the projection and may produce insignificant errors in the total sum.

Strategic vs. Financial Comparison

M&A Dynamics By Transaction Type - 1st Half

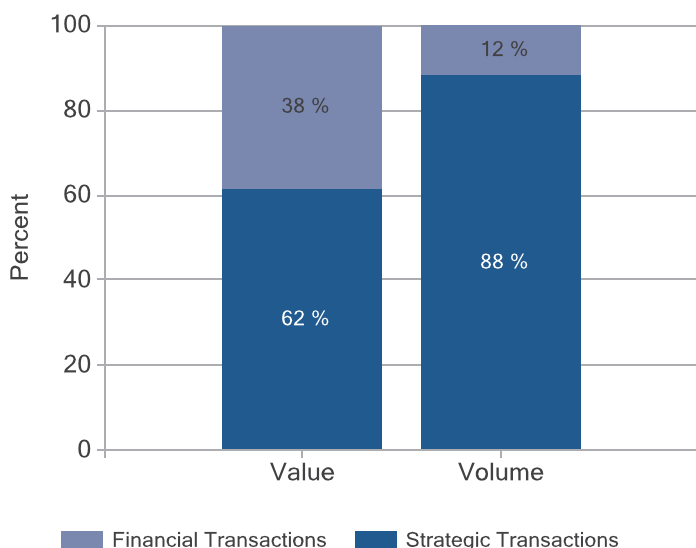


Figure 5. 1st Half 2014 value and volume comparison by transaction type.

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

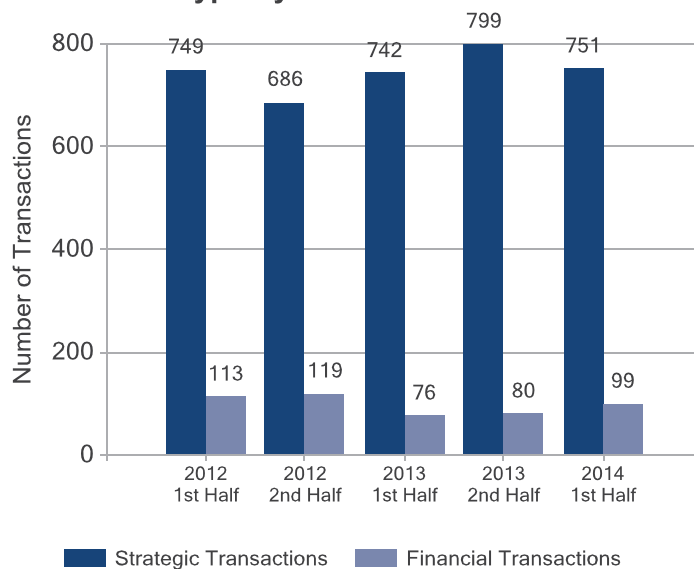


Figure 6. 2012-2014 acquirer type comparison by half year.

Purchaser Analysis

Top Ten Notable Transactions - 1st Half 2014

Deal Date	Target Name	Buyer	Value MM US\$
06/16/14	Advantage Sales and Marketing	Leonard Green & Partners, L.P., CVC Capital Partners	\$4,200
03/21/14	LIN Media	Media General, Inc.	\$2,472
03/14/14	SkillSoft Limited	Charterhouse Capital Partners	\$2,300
01/21/14	Trader Media Group	Apax Partners	\$1,926
06/03/14	Internet Brands, Inc.	Kohlberg Kravis Roberts & Co.	\$1,100
05/19/14	Twitch Interactive, Inc.	YouTube	\$1,000
05/08/14	All3media	Discovery Communications, Inc., Liberty Global plc	\$927
05/29/14	Network 18 Media & Investments Ltd.	Reliance Industries Limited	\$884
03/12/14	ChinaVision Media Group, Ltd.	Alibaba Group	\$805
03/03/14	Catalina	Berkshire Partners LLC	N/A
2014 Aggregate Transaction Value			\$49,777
Top 9 Aggregate Transaction Value			\$15,613
Top 9 Aggregate Value as a Percentage of All Transactions			31 %

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

Note: Transaction data based on **announced date**. If the price is listed as N/A, Berkery Noyes did not calculate that value into the aggregate.

Median EV/Revenue Multiples By Size

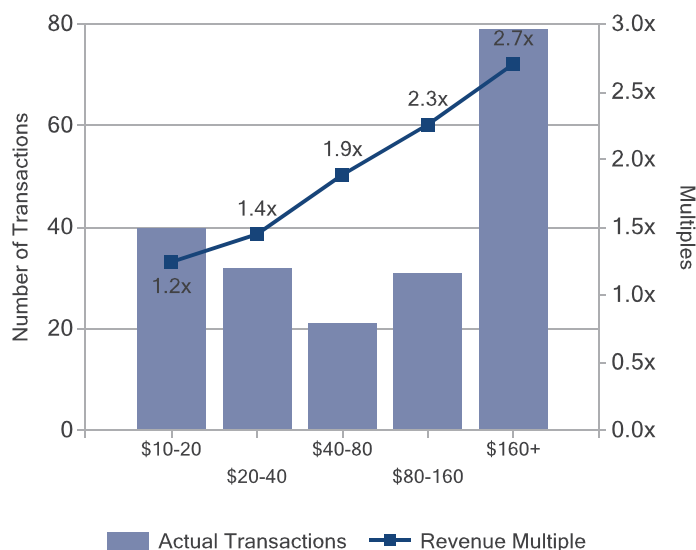


Figure 8. Presents the median enterprise value/revenue multiples paid for companies in the Media and Marketing Industry from January 1, 2012 to June 30, 2014 based on publicly available data.

Transaction Volume by Segment :: January 1, 2012 – June 30, 2014

Transactions By Market Segment By Half Year

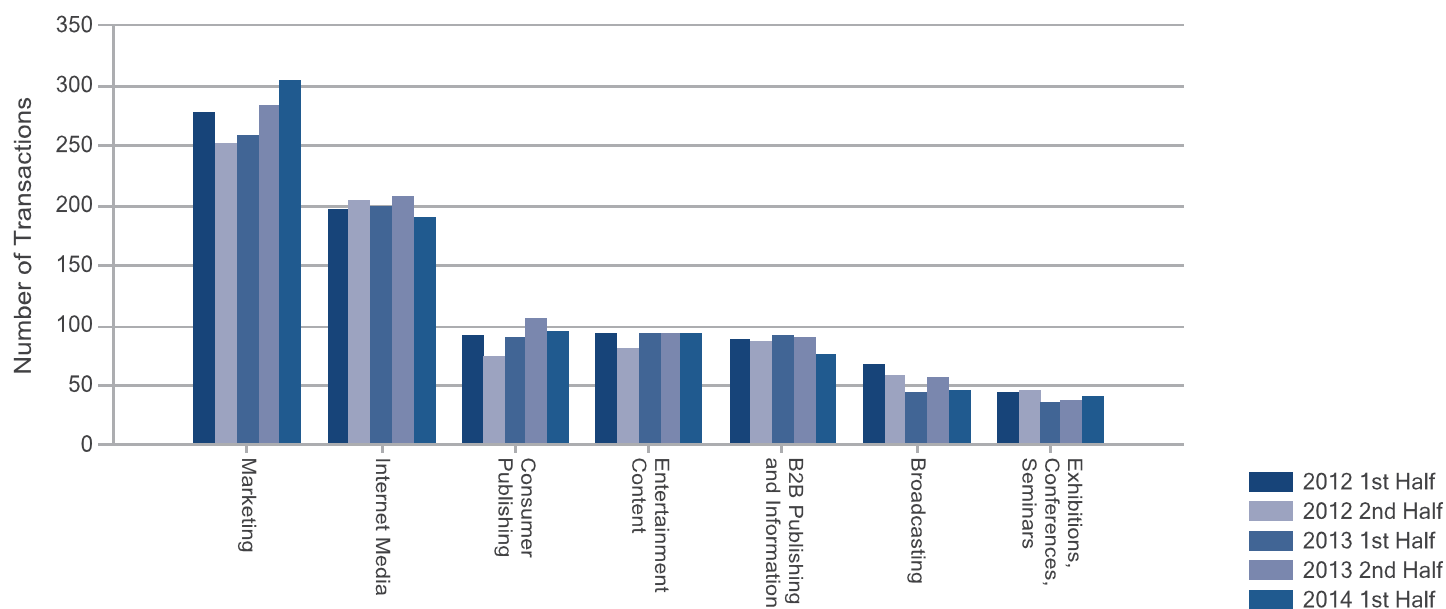


Figure 9. Presents transaction volume by market segment within the Media and Marketing Industry from January 1, 2012 through June 30, 2014.

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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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RECENT MEDIA & MARKETING TRANSACTIONS



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