



MEDIA & MARKETING INDUSTRY

FULL YEAR 2016 :: Mergers and Acquisitions Trend Report

2016 KEY HIGHLIGHTS

- The largest deal in 2016 was AT&T's announced acquisition of Time Warner for \$105.27 billion, or \$85.4 billion excluding net debt. This was the highest value acquisition ever tracked by Berkery Noyes in the Media & Marketing Industry. AT&T is planning to diversify its business beyond telecommunications with Time Warner's vast array of programming.
- There were 208 financially sponsored transactions with an aggregate value of \$27.10 billion, representing 12 percent of the total volume and 10 percent of the total value, respectively.

2016 KEY TRENDS

- Total transaction volume in 2016 declined by five percent over 2015, from 1,900 to 1,796.
- Total transaction value in 2016 more than doubled over 2015, from \$105.67 billion to \$272.17 billion. If the Time Warner deal is excluded, overall value increased 58 percent.
- There were 18 acquisitions in 2016 with values above \$2 billion, as opposed to nine such deals in 2015.
- The median revenue multiple shifted slightly from 2.0x in 2015 to 2.1x in 2016. The median EBITDA multiple improved from 8.7x in 2015 to 11.2x in 2016, which was nearly the same as its 2014 level.
- The segment with the largest rise in volume in 2016 over 2015 was Entertainment Content with a four percent increase, from 206 to 215 transactions.

M&A MARKET OVERVIEW

Berkery Noyes tracked 5,409 Media & Marketing transactions between 2014 and 2016, of which 1,154 disclosed financial terms, and calculated the aggregate value to be \$390.93 billion. Based on known transaction values, we project values of 4,255 undisclosed transactions to be \$84.54 billion, totaling \$475.47 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 2.0x revenue and 10.4x EBITDA.

M&A Market Dynamics

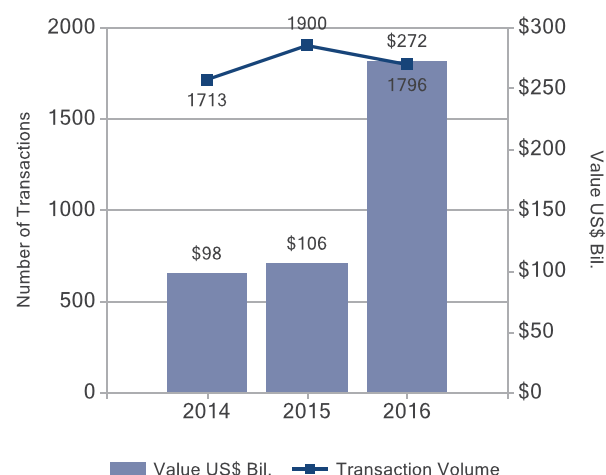


Figure 1. 2014-2016 value and volume comparison.

Median Enterprise Value Multiples

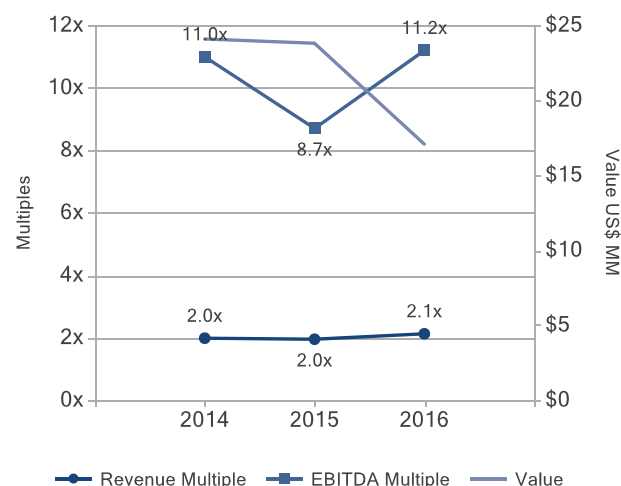
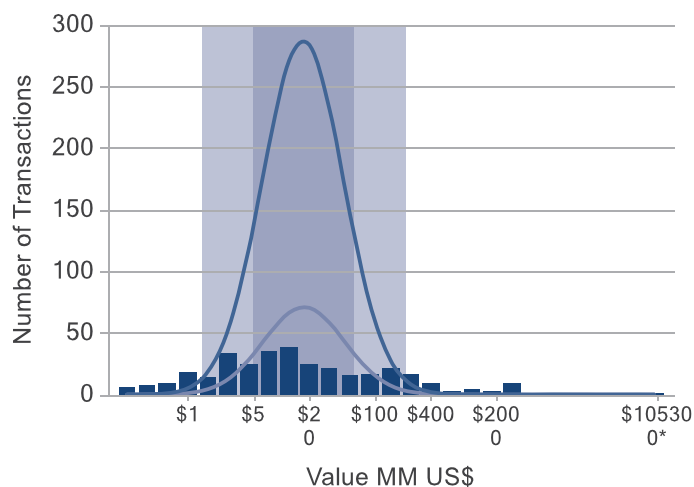


Figure 2. 2014-2016 median value, revenue, EBITDA comparison.

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

Bell Curve - Histogram



Actual Transactions Known Dist. Projected Dist.

Figure 3. Shows distribution of transactions among 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 2016 at \$272.2 billion.

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

Distribution Table

Value in MM US\$	Known Number	Projected Number	Total Number	%	Cumulative %
\$0.2	6	0	6	2 %	2 %
\$0.4	8	0	8	2 %	4 %
\$0.6	9	1	10	3 %	6 %
\$1.0	19	5	24	5 %	12 %
\$1.6	14	19	32	4 %	16 %
\$2.7	34	53	86	10 %	25 %
\$4.5	25	117	142	7 %	32 %
\$7.4	36	202	238	10 %	42 %
\$12.2	39	271	310	11 %	53 %
\$20.1	25	284	308	7 %	60 %
\$33.1	22	231	252	6 %	67 %
\$54.6	15	146	161	4 %	71 %
\$90.0	16	72	88	4 %	75 %
\$148.4	21	28	48	6 %	81 %
\$244.7	17	8	25	5 %	86 %
\$403.4	9	2	10	3 %	88 %
\$665.1	3	0	3	1 %	89 %
\$1,096.6	5	0	5	1 %	91 %
\$1,808.0	3	0	3	1 %	92 %
\$2,981.0	9	0	9	3 %	94 %
\$4,914.8	0	0	0	0 %	94 %
\$8,103.1	2	0	2	1 %	95 %
\$13,359.7	0	0	0	0 %	95 %
\$22,026.5	2	0	2	1 %	95 %
\$36,315.5	0	0	0	0 %	95 %
\$59,874.1	0	0	0	0 %	95 %
\$98,715.8	1	0	1	0 %	96 %
Total #	356	1440	1796		
Total \$ Value	\$247,550	\$24,616	\$272,167		
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

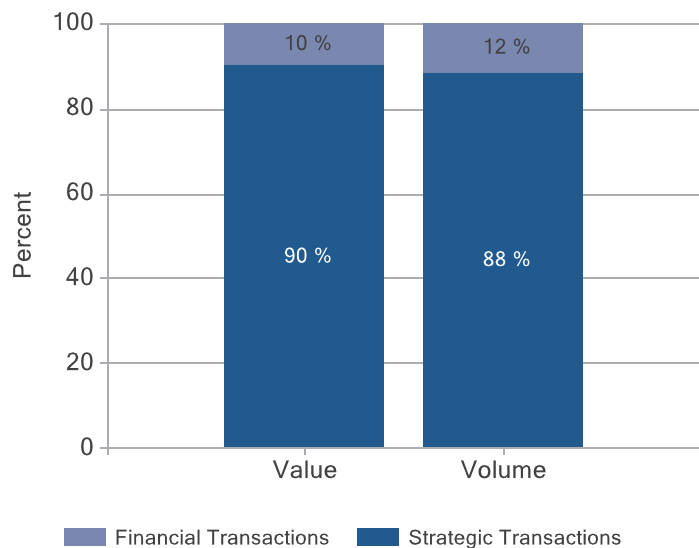


Figure 5. 2016 value and volume comparison by acquirer type.

Note: Financially sponsored 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

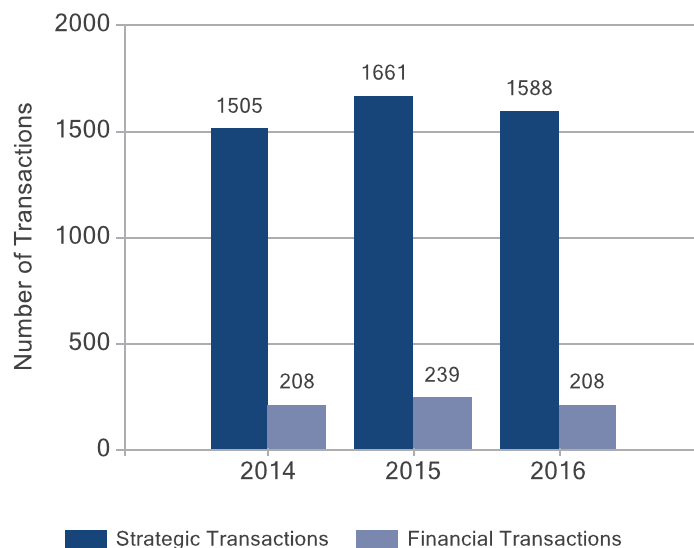


Figure 6. 2014-2016 acquirer type comparison.

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
06/21/16	Supercell	Tencent Holdings Ltd.	\$8,600
07/25/16	Yahoo! Inc.	AOL Inc.	\$4,826
01/07/16	Media General, Inc.	Nexstar Broadcasting	\$4,500
06/30/16	Starz, LLC	Lionsgate	\$4,400
07/30/16	Playtika Ltd.	Yunfeng Capital, Giant Interactive Group	\$4,400
04/28/16	DreamWorks Animation LLC	NBCUniversal, LLC.	\$4,104
2016 Aggregate Transaction Value			\$272,167
Top 10 Aggregate Transaction Value			\$195,692
Top 10 Aggregate Value as a Percentage of All Transactions			72 %

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

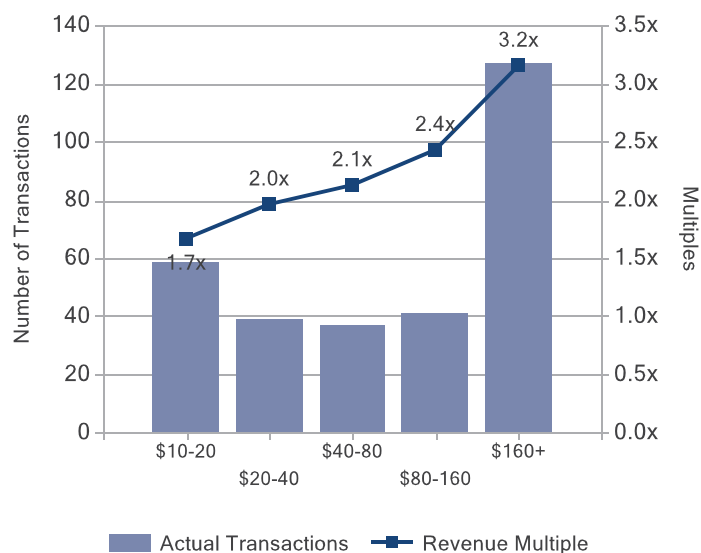


Figure 8. Presents the median enterprise value/revenue multiples paid for companies in the Media and Marketing Industry from Jan. 1, 2014 to Dec. 31, 2016 based on publicly available data.

Transaction Volume by Segment :: January 1, 2014 – December 31, 2016

Transactions By Market Segment

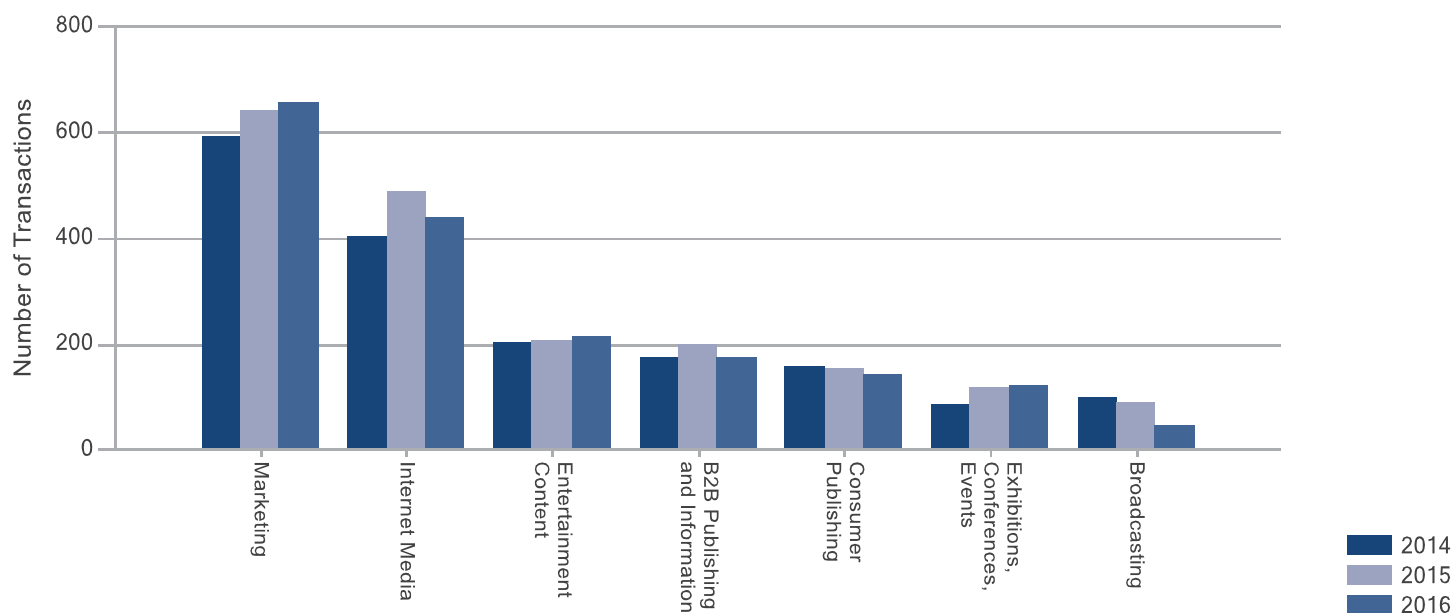


Figure 9. Presents transaction volume by target segment within the Media and Marketing Industry from Jan. 1, 2014 through Dec. 31, 2016.

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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. The information contained herein is of a general nature and is not intended to address the circumstances of any particular company, individual, or entity. There can be no guarantee that such information is accurate.

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