

Market Update

Marketing Technology & Services

Q1 2017

Key Highlights

- **Lincoln Update:**
Closed on the sale of Gladson Holdings, LLC in January 2017, with a strong pipeline of MT&S engagements
- **Measures that Matter:**
Growing Interest in Consumer Loyalty
- **Subsector Highlight:** Digital Marketing year-over-year forward multiples trending slightly downward
- **Key Transaction:** Vector Capital has acquired Experian's Email & Cross-Channel Marketing Business

Lincoln International's Marketing Technology & Services Coverage

Lincoln International recognizes the importance of understanding a client's industry, value drivers, growth opportunities and challenges. Our extensive marketing technology and services expertise provides in-depth market insights, deep relationships with the most active strategic and financial partners and superior knowledge on how to best position a business and overcome potential issues. These attributes, combined with our globally integrated resources and flawless execution, enable us to consistently deliver outstanding outcomes for our clients.

Lincoln International's dedicated Marketing Technology & Services coverage team has established itself among the most active M&A advisors in the mid-market. Our senior bankers provide sector-specific expertise, global buyer access and unmatched execution within the marketing technology and services space, particularly in our key areas of focus below:

- Commerce Enablement
- Data-driven Marketing Services
- Digital Marketing Services
- Marketing Technology
- Analytics

Lincoln News

timico
technology group

has been sold to

LYCEUM CAPITAL



Lake Pacific
PARTNERS

has sold

GLADSON

to

WICKS



H L G
CAPITAL

has refinanced

centerfield

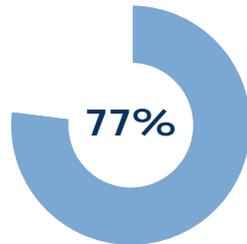
in connection with its acquisition of

QOLOGY



Measures that Matter: Growing Interest in Consumer Loyalty

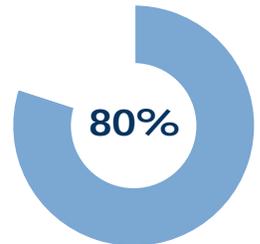
Key Loyalty Metrics



of consumers are brand loyal



of consumers said personalized offers would increase spend



of "switchers" indicated the original brand did nothing to retain them

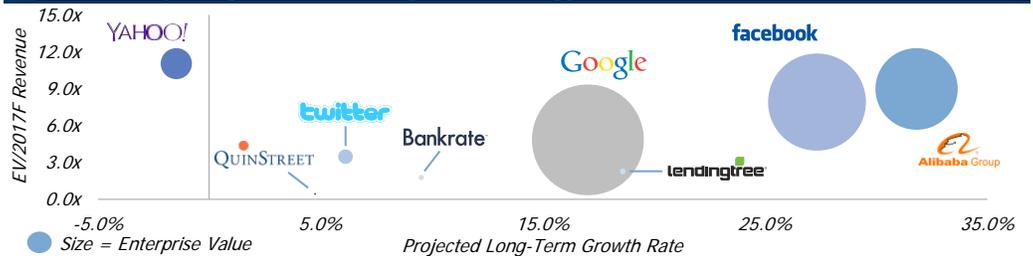
Sources: Accenture, IBM and other industry publications

Rapid Evolution in Consumer Engagement and Loyalty is Driving Investor Interest

The way consumers engage with consumer-facing brands is continuously evolving, creating an opportunity for investors. Marketers are constantly scrambling to stay in front of the latest tactics used to drive loyalty, and companies with proprietary automation tools have become a focal point for M&A. Consumer loyalty and retention programs are now "table stakes" and demand for these ROI-based marketing strategies is increasing – brands realize that loyalty can actually drive profitability and it's no longer just the cost of doing business. Personalization through the creation of a consistent, omni-channel consumer experience is viewed as the most

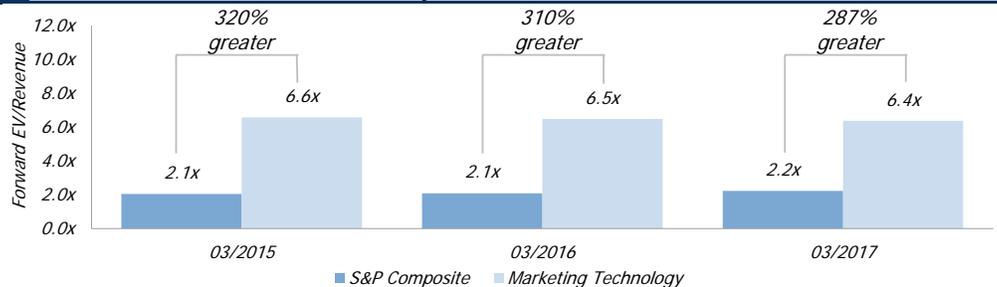
critical output of today's loyalty programs and the companies with these capabilities are seeing significant, in-bound interest. The foundation of this "personalization" is building targeted messaging and product recommendations for consumers; however, new marketing technology platforms allow for even greater customization. Marketers are now able to provide a highly contextual offer (e.g., optimal channel, right time), so investors should take note that companies with the ability to collect and analyze customer behavioral and intent data now have a clear advantage.

Sector Spotlight: Marketing Technology



Notes: Revenue forecasts based on analyst consensus estimates

Forward EV / Revenue Multiples



Note: Revenue forecasts based on analyst consensus estimates

Lincoln International Marketing Technology & Services Index

Company Name	Stock Price	% of 52 Week High	Market Cap	Enterprise Value	LTM		YoY Revenue Growth	EBITDA Margin	Enterprise Value / LTM	
					Revenue	EBITDA			Revenue	EBITDA
Marketing Agencies										
Dentsu, Inc.	\$54.17	93.8%	\$15,423	\$17,310	\$7,181	\$1,572	(8.4%)	21.9%	2.4x	11.0x
Hakuhodo DY Holdings, Inc.	11.84	88.3%	4,412	3,544	10,633	455	(1.7%)	4.3%	0.3x	7.8x
Havas SA	8.93	94.4%	3,747	3,588	2,403	353	(4.7%)	14.7%	1.5x	10.2x
ICF International, Inc.	41.30	69.4%	785	1,039	1,185	112	3.7%	9.4%	0.9x	9.3x
MDC Partners, Inc.	86.21	96.2%	20,219	22,892	15,417	2,302	1.7%	14.9%	1.5x	9.9x
Omnicom Group, Inc.	70.05	94.2%	15,687	16,856	10,274	1,853	(7.1%)	18.0%	1.6x	9.1x
Publicis Groupe SA	24.57	97.0%	9,648	10,530	7,847	1,098	2.2%	14.0%	1.3x	9.6x
The Interpublic Group of Companies, Inc.	21.94	90.9%	27,616	33,344	17,766	3,131	(2.0%)	17.6%	1.9x	10.6x
WPP plc	\$54.17	93.8%	\$15,423	\$17,310	\$7,181	\$1,572	(8.4%)	21.9%	2.4x	11.0x
Mean		90.5%					(2.0%)	14.4%	1.4x	10.1x
Digital Marketing										
Alibaba Group Holding Limited	\$107.83	97.6%	\$269,575	\$268,330	\$20,722	\$7,639	32.2%	36.9%	12.9x	NM
Alphabet, Inc.	847.80	97.0%	579,858	497,460	90,272	29,860	15.8%	33.1%	5.5x	16.7x
Bankrate, Inc.	9.65	81.1%	868	987	434	94	15.8%	21.6%	2.3x	10.5x
Facebook, Inc.	142.05	99.4%	410,522	381,073	27,638	14,835	39.8%	53.7%	13.8x	25.7x
LendingTree, Inc.	125.35	96.3%	1,484	1,393	384	55	29.0%	14.4%	3.6x	25.2x
QuinStreet, Inc.	3.90	90.3%	177	140	299	(6)	3.4%	(1.9%)	0.5x	NM
Twitter, Inc.	14.95	57.1%	10,791	8,703	2,530	62	6.4%	2.4%	3.4x	NM
Yahoo! Inc.	46.41	98.3%	44,391	38,905	5,169	227	7.0%	4.4%	7.5x	NM
Mean		89.6%					18.7%	20.6%	6.2x	19.5x
Marketing Technology										
Adobe Systems, Inc.	\$130.13	99.6%	\$64,375	\$61,612	\$6,153	\$1,984	21.4%	32.3%	10.0x	31.0x
Bazaarvoice, Inc.	4.30	70.1%	356	310	202	(8)	2.2%	(4.2%)	1.5x	NM
Criteo SA	49.99	94.6%	3,199	3,024	1,799	178	25.8%	9.9%	1.7x	17.0x
Marin Software, Inc.	1.80	54.7%	71	40	100	(6)	(8.6%)	(6.2%)	0.4x	NM
Rocket Fuel, Inc.	5.36	97.8%	248	250	456	(11)	(1.3%)	(2.5%)	0.5x	NM
salesforce.com, inc.	82.49	97.6%	58,362	58,862	8,392	505	25.9%	6.0%	7.0x	NM
Tremor Video, Inc.	2.00	72.4%	100	58	167	(10)	(2.1%)	(6.1%)	0.3x	NM
YuMe, Inc.	4.09	93.8%	139	79	160	(1)	(6.9%)	(0.5%)	0.5x	NM
Mean		85.1%					7.0%	3.6%	2.8x	24.0x
Traditional Marketing Communications										
Cenveo, Inc.	\$5.02	47.8%	\$43	\$1,056	\$1,660	\$137	(4.7%)	8.2%	0.6x	7.7x
Cimpress N.V.	86.19	82.7%	2,680	3,707	1,937	147	14.6%	7.6%	1.9x	25.3x
InnerWorkings, Inc.	9.96	90.5%	539	616	1,091	44	3.1%	4.1%	0.6x	13.9x
Quad/Graphics, Inc.	25.24	85.6%	1,317	2,444	4,330	480	(6.5%)	11.1%	0.6x	5.1x
R.R. Donnelley & Sons Company	12.11	20.4%	846	2,601	6,896	469	(38.2%)	6.8%	0.4x	5.5x
Mean		65.4%					(6.4%)	7.6%	0.8x	11.5x
Data-Driven Marketing Services										
Acxiom Corporation	\$28.47	93.7%	\$2,227	\$2,326	\$880	\$91	3.5%	10.3%	2.6x	25.6x
Aimia, Inc.	6.75	94.8%	1,029	1,322	1,703	92	(6.8%)	5.4%	0.8x	14.4x
Alliance Data Systems Corporation	249.00	99.1%	13,925	33,015	7,138	1,462	9.6%	20.5%	4.6x	22.6x
comScore, Inc.	21.59	62.0%	1,237	1,123	369	37	0.0%	10.1%	3.0x	30.2x
Experian plc	20.39	98.7%	18,944	21,998	4,607	1,401	1.3%	30.4%	4.8x	15.7x
Harte-Hanks, Inc.	1.40	49.1%	86	141	462	13	(4.8%)	2.8%	0.3x	11.0x
Nielsen Holdings plc	41.31	73.8%	14,770	22,138	6,309	1,619	1.7%	25.7%	3.5x	13.7x
Mean		81.6%					0.6%	15.0%	2.8x	19.0x

Sources: Bloomberg, Capital IQ and company filings, as of 3/31/2017

4/10/17: Flipkart, the Indian e-commerce business, has raised \$1.4B from **eBay (NASDAQGS:EBAY)**, **Microsoft (NASDAQGS:MSFT)** and **Tencent Holdings (SEHK:700)** placing the company's value at ~\$12B. This is a decrease from the company's 2015 valuation of ~\$15B.

Market Intelligence

3/27/17: Torreal, a family investment office based in Spain, is believed to be seeking higher bids for the ongoing sale of its 23% stake in **Imagina Media Audiovisual**, the Spanish producer of audiovisual content. The company is said to have produced £129M in EBITDA last year and is targeting £170M in EBITDA this year.

3/7/17: Per the company's Chairman and CEO Yannick Bolloré, **Havas (ENXTPA:HAV)** is planning 5-10 acquisitions in 2017 to strengthen its creativity, data and digital skills. The French advertising company has £170M of cash designated for acquisitions which would be targeted globally.

1/27/17: Publicis Groupe (ENXTPA:PUB) has named Arthur Sadoun as CEO to succeed Maurice Lévy. Sadoun has been with **Publicis** in various roles since December 2016 and will take over as CEO on June 1.

1/25/17: Tribune Media Company (NYSE:TRCO) President and CEO Peter Liguori is stepping down as the company becomes more broadcast-centric following its impending sale of **Gracenote**.

1/5/17: Nielsen (NYSE:NLSN) has sold **Claritas**, the consumer segmentation insights provider, to a partnership between **The Carlyle Group (NASDAQGS:CG)** and **Indian Hill Group**. **Claritas'** segmentation technology, **PRIZM®**, is relied on by marketers, academics, media organizations and data providers.

Vector Capital has acquired Experian's Email & Cross-Channel Marketing Business for \$400 million.

Select Q1 M&A Activity

Q1 Spotlight Transaction

Experian, the information services company that provides data, analytics, and software solutions to organizations worldwide, has sold a 75% stake in its Email & Cross-Channel Marketing Business, the largest business line within its Marketing Services division, for \$400 million. The stake was sold to Vector Capital, a technology-focused private equity firm based in San Francisco, California.

The Email & Cross-Channel Marketing Business provides services to help clients develop, target and deliver marketing offers to consumers through email and across multiple

online channels, including Experian Marketing Suite, CheetahMail and Mail Publisher.

With the transaction, Vector Capital is creating an independent, global SaaS platform focused solely on the marketer. To help drive the new company forward, ExactTarget Co-Founder, Peter McCormick, will serve as Chairman and work closely with management to execute on the new company's growth strategy. The business has offices in 18 countries around the world, with 1,600 employees serving global enterprise clients.

Select M&A Transactions

(\$ in millions)

Closed	Target	Target Description	Acquirer
Announced	Mediacom India Pvt. Ltd.	Operates as a media house	GroupM Media India Pvt. Ltd.
Announced	Experian - Email / Cross-Channel Marketing Business	Provides customized email marketing services	Vector Capital
Announced	Souq.com FZ, LLC	Operates an e-commerce platform	Amazon.com, Inc.
Mar-17	Supr	Operates a SaaS shop system	Wirecard AG
Mar-17	Naritiv	Operates as an analytics platform	HootSuite Media, Inc.
Mar-17	Appbridge Software, Inc.	Provides content management applications	Google, Inc.
Feb-17	Monsoon, Inc.	Provides multi-channel marketplace management tools	Dave Hersh
Feb-17	Brandtale, Inc.	Provides digital advertising services	Market Track, LLC
Feb-17	AdEspresso, Inc.	Provides advertise management solutions	HootSuite Media, Inc.
Feb-17	Zubi Advertising Services, Inc.	Provides advertising services	GTB Agency, LLC
Feb-17	Winsight, LLC	Operates as a B2B media and information services company	Pamlico Capital
Jan-17	Oology Direct, LLC	Provides performance-based marketing services	Centerfield Media Holdings, LLC
Jan-17	Cartera Commerce, Inc.	Operates as a rewards website	Ebates, Inc.
Jan-17	MarketSight, LLC	Provides market research applications	Reimagine Holdings Group
Jan-17	Nielsen - Ad Intelligence Service	Operates as an ad intelligence service	Market Track, LLC
Jan-17	Claritas, LLC	Operates as a consumer segmentation analysis platform	The Carlyle Group
Jan-17	Mogo Marketing + Media, Inc.	Offers integrated digital marketing services	Learfield Communications, Inc.
Jan-17	DestiMetrics, LLC	Operates an online travel data platform	Sterling Valley Systems, Inc.
Jan-17	Pmweb	Provides digital marketing and CRM services	Wunderman Ltd.
Jan-17	Commerce Sciences Ltd.	Operates a content discovery platform	Taboola, Inc.
Jan-17	Cox Target Media, Inc.	Provides integrated marketing solutions	Platinum Equity, LLC

Source: Capital IQ, Mergermarket, Company Filings as of 3/31/2017

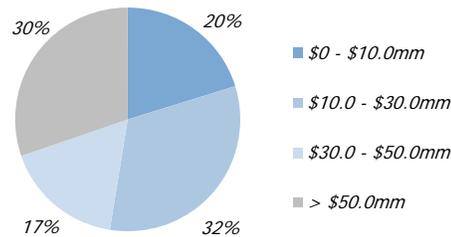
The Lincoln VOG Database – Lincoln’s Perspectives on the Mid-Market

About The Lincoln VOG Database:

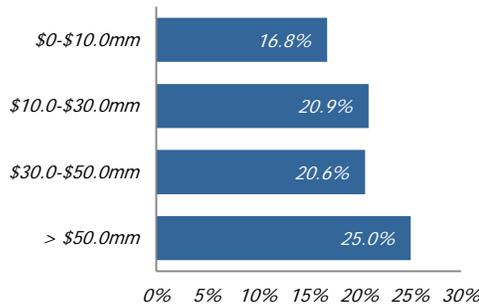
Lincoln maintains an extensive proprietary database in connection with its quarterly portfolio valuation activities by the Valuations and Opinions Group, containing financial data for a diverse group of companies across ten primary industry segments. The database offers a glimpse into the mid-market where reliable data is otherwise limited. Valuation metrics reflect observed transaction multiples. Financial results reflect information available at the end of each calendar quarter (typically, financial statements for one or two months preceding the end of the period). The database contains nearly 800 mid-market companies.

Trends by Size (LTM EBITDA)

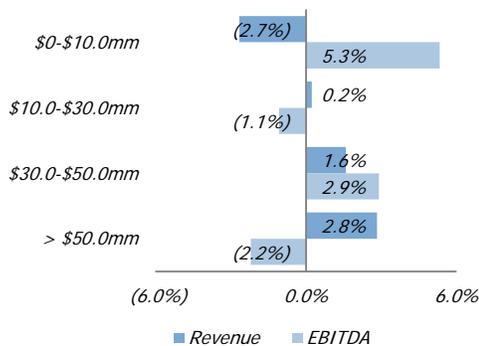
Distribution by Size



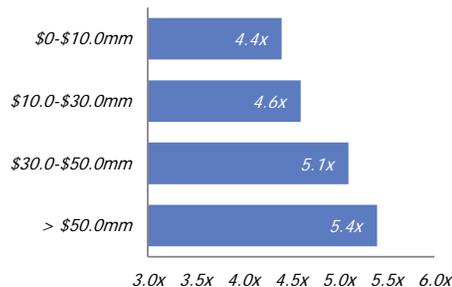
Average LTM EBITDA Margin by Size



Quarter over Prior Year Quarter Revenue and EBITDA by Size

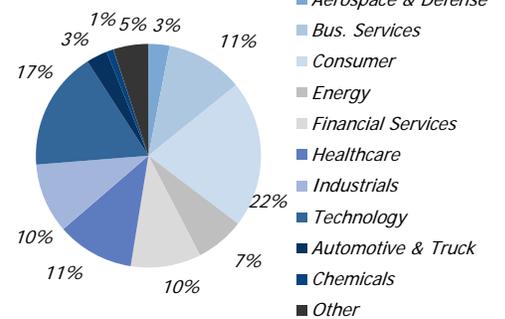


Average Current Leverage by Size

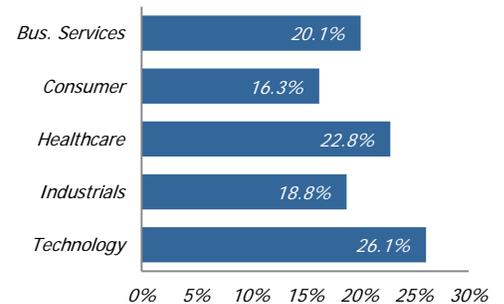


Trends by Industry Vertical

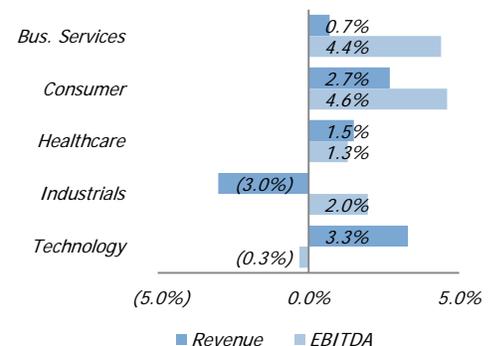
Distribution by Vertical



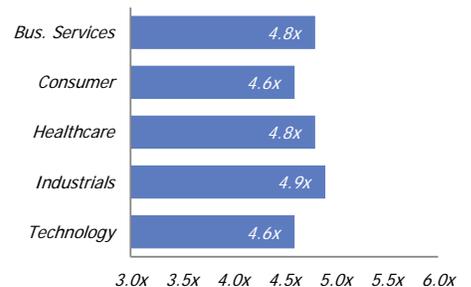
Average LTM EBITDA Margin by Vertical



Quarter over Prior Year Quarter Revenue and EBITDA by Vertical



Average Current Leverage by Vertical



Global Industry Groups

Aerospace & Defense
Automotive & Truck
Building &
Infrastructure
Business Services
Chemicals
Consumer
Distribution
Electronics
Energy & Power
Financial Institutions
Food & Beverage
Healthcare
Industrials
Packaging
Technology & Media

Global Locations

Amsterdam
Beijing
Chicago
Dallas
Frankfurt
London
Los Angeles
Madrid
Milan
Moscow
Mumbai
Munich
New York
Paris
São Paulo
Tokyo
Vienna
Zurich

Advisory Services

Mergers & Acquisitions
Debt Advisory
Special Situations
JV & Partnering
Valuations & Opinions

About Lincoln International

Lincoln International specializes in merger and acquisition advisory services, debt advisory services, private capital raising and restructuring advice on mid-market transactions. Lincoln International also provides fairness opinions, valuations and joint venture and partnering advisory services on a wide range of transaction sizes. With eighteen offices in the Americas, Asia and Europe, Lincoln International has strong local knowledge and contacts in key global economies. The firm provides clients with senior-level attention, in-depth industry expertise and integrated resources. By being focused and independent, Lincoln International serves its clients without conflicts of interest. More information about Lincoln International can be obtained at www.lincolninternational.com.

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