



Market Update Marketing Technology & Services

Q2 2018

Key Highlights

- Lincoln has 40+ active TMT engagements globally and has completed 65+ transactions in the past three years
- The stock price indices for all segments of the marketing technology & services sector outperformed the S&P 500 Index during Q2 2018, except Traditional Marketing Communications companies
- EV / LTM Revenue multiples stayed flat compared to the prior quarter and are up 0.2x on a year over year basis, averaging 3.0x at the end of Q2
- Key Transaction: Siris Capital Group has acquired Web.com (NASDAQ:WEB), a leading provider of online marketing services, for ~\$2.0 billion

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:

- Data Analytics
- Data-Driven Marketing Services
- Digital Marketing Services
- Marketing Technology & Automation
- Traditional Marketing Services

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Selected Relevant Lincoln Transactions

Great Lakes Scrip Center[®]
has been sold to
Bold Orange
a portfolio company of
MOUNTAINGATE CAPITAL

Riverside
has sold
spectrio
to
BERTRAM CAPITAL

FP FRANCISCO PARTNERS
has sold
LUMATA | v/v
to
evolving SYSTEMS

HERON PARTNERS
has sold
LeadingResponse
to
ICV

Lake Pacific PARTNERS
has sold
CSO
to
WICKS

Measures that Matter: Market Dynamics Driving Growth in Direct Mail

Key Trends in Direct Mail

<p>#1</p> <p>Direct mail is the preferred channel for receiving marketing from local businesses</p> <p>37%⁽²⁾</p> <p>Increase in customer conversion rates achieved through personalization</p>	<p>13-to-1</p> <p>Direct mail has the strongest average ROI ratio to any B2C marketing channel</p> <p>75%⁽³⁾</p> <p>Ability to recall the brand when interaction is through direct mail</p>	<p>79%⁽¹⁾</p> <p>Share of consumers that will act on direct mail immediately</p> <p>67%</p> <p>Share of online searches driven by direct marketing</p>
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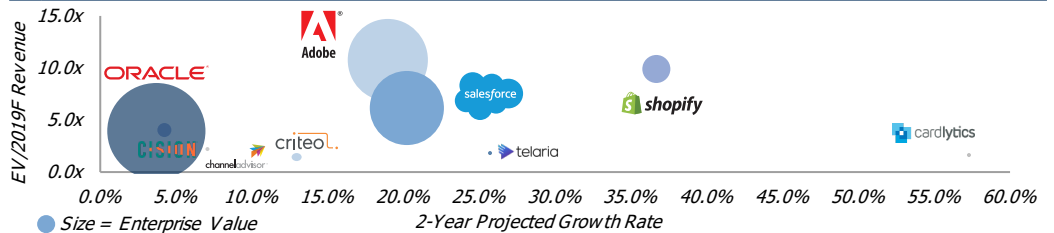
Note: (1) Compared to 45% share of consumers that will act on email immediately; (2) Compared to 11% increase in 2016; (3) Compared to 44% ability to recall the brand when receiving digital-only interactions
Source: Data & Marketing Association and other third-party market reports

Direct Mail Remains an Attractive Marketing Channel

Direct mail remains a productive channel for marketers and trends suggest continued growth in direct mail spend. The proliferation of digital printing has allowed for low-cost customization, and combined with improved data management and analytics capabilities, has provided an opportunity to personalize one-to-one communications, targeting consumers at the hyperlocal level with highly contextual marketing collateral. Attribution is readily available for direct mail, in contrast to other traditional channels – television and radio – which leads to a measurable ROI for marketers. Even Google is a firm believer in

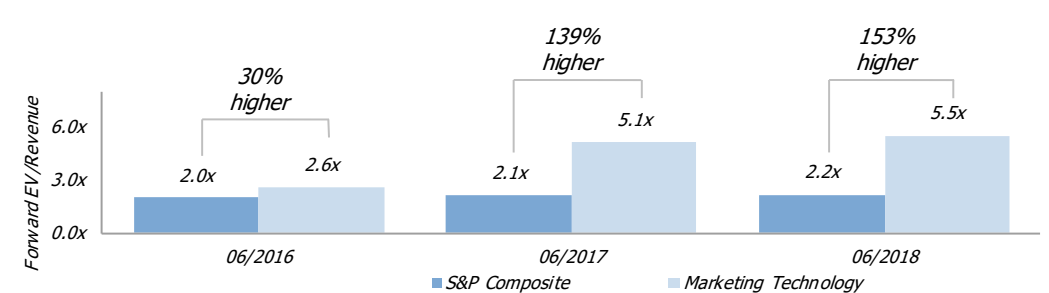
direct mail, utilizing the marketing channel to efficiently reach millions of current and prospective SMB advertisers each year. Direct mail is most effective in end markets with products and services that have a high price point or complex sales process and can be used in combination with a thoughtful digital marketing strategy to optimize campaign performance. As clutter in the e-mail inbox has increased over the past decade, it is easier to get mindshare and engagement at the mailbox, and open and conversion rates from direct mail now far exceed e-mail and other forms of digital communication.

Sector Spotlight: Data-Driven Marketing Services



Note: 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.	\$47.37	96.5%	\$13,352	\$15,889	\$8,861	\$1,627	12.5%	18.4%	1.8x	9.8x
Hakuhodo DY Holdings Inc	16.04	97.3%	5,981	4,925	12,570	568	10.5%	4.5%	0.4x	8.7x
ICF International, Inc.	71.05	93.3%	1,336	1,548	1,236	113	3.1%	9.2%	1.3x	13.7x
MDC Partners Inc.	4.60	37.5%	275	1,384	1,496	157	1.4%	10.5%	0.9x	8.8x
Omnicom Group Inc.	76.27	91.1%	17,335	20,488	15,316	2,345	(0.6%)	15.3%	1.3x	8.7x
Publicis Groupe S.A.	68.77	88.0%	15,559	16,438	11,635	2,109	3.8%	18.1%	1.4x	7.8x
The Interpublic Group of Companies, Inc.	23.44	90.1%	9,037	10,808	7,988	1,140	(1.8%)	14.3%	1.4x	9.5x
WPP plc	15.74	73.1%	19,862	26,396	20,633	3,190	4.1%	15.5%	1.3x	8.3x
Mean		83.4%					4.1%	13.2%	1.2x	9.4x
Digital Marketing										
Alibaba Group Holding Limited	\$185.53	87.6%	\$476,715	\$474,477	\$39,894	\$13,664	53.4%	34.3%	11.9x	34.7x
Alphabet Inc.	1,129.19	94.0%	778,221	680,638	117,251	36,707	18.1%	31.3%	5.8x	18.5x
Endurance International Group Holdings, Inc.	9.95	99.5%	1,420	3,215	1,173	295	0.2%	25.1%	2.7x	10.9x
Facebook, Inc.	194.32	95.5%	562,484	518,528	44,587	25,628	34.4%	57.5%	11.6x	20.2x
GoDaddy Inc.	70.60	93.9%	11,072	13,059	2,375	339	18.4%	14.3%	5.5x	NM
HubSpot, Inc.	125.40	87.7%	4,817	4,590	408	(33)	28.1%	(8.0%)	11.3x	NM
LendingTree, Inc.	213.80	52.9%	2,671	2,566	666	85	38.6%	12.7%	3.9x	30.3x
QuinStreet, Inc.	12.70	86.7%	599	552	374	17	24.9%	4.5%	1.5x	33.1x
Snap Inc.	13.09	61.7%	16,469	14,664	906	(1,545)	44.9%	(170.6%)	16.2x	NM
Twitter, Inc.	43.67	91.4%	32,748	30,028	2,560	464	4.3%	18.1%	11.7x	NM
Web.com Group, Inc.	25.85	98.9%	1,287	1,927	751	147	0.2%	19.5%	2.6x	13.2x
Mean		86.3%					24.1%	3.5%	7.7x	23.0x
Marketing Technology										
Adobe Systems Incorporated	\$243.81	94.2%	\$119,385	\$114,935	\$8,122	\$2,913	24.5%	35.9%	14.2x	NM
Cardlytics, Inc.	21.76	84.6%	441	410	136	(17)	7.0%	(12.3%)	3.0x	NM
ChannelAdvisor Corporation	14.05	89.9%	381	326	126	(5)	6.4%	(4.0%)	2.6x	NM
Cision Ltd.	14.95	87.6%	1,951	3,143	665	216	10.4%	32.5%	4.7x	14.5x
Criteo S.A.	32.85	61.1%	2,179	1,718	2,344	246	14.4%	10.5%	0.7x	7.0x
Oracle Corporation	44.06	82.4%	175,410	169,424	39,831	16,346	5.6%	41.0%	4.3x	10.4x
salesforce.com, inc.	136.40	96.0%	101,333	98,162	11,089	1,045	25.0%	9.4%	8.9x	NM
Shopify Inc.	145.89	83.3%	15,486	13,906	760	(35)	49.4%	(4.7%)	18.3x	NM
Telaria, Inc.	4.04	76.2%	211	138	47	(16)	(72.5%)	(33.5%)	2.9x	NM
Mean		83.9%					7.8%	8.3%	6.6x	10.6x
Traditional Marketing Communications										
Cimpress N.V.	\$144.96	84.4%	\$4,453	\$5,454	\$2,526	\$215	18.3%	8.5%	2.2x	25.4x
InnerWorkings, Inc.	8.69	72.2%	464	562	1,136	47	3.5%	4.2%	0.5x	11.9x
Quad/Graphics, Inc.	20.83	66.6%	1,117	2,143	4,100	406	(2.8%)	9.9%	0.5x	5.3x
R.R. Donnelley & Sons Company	5.76	44.3%	405	2,373	6,989	428	2.1%	6.1%	0.3x	5.5x
Mean		66.9%					5.3%	7.2%	0.9x	12.0x
Data-Driven Marketing Services										
Axiom Corporation	\$29.95	91.0%	\$2,309	\$2,396	\$917	\$95	4.5%	10.4%	2.6x	25.2x
Alliance Data Systems Corporation	233.20	83.8%	12,919	34,065	7,725	1,734	4.2%	22.4%	4.4x	19.6x
Deluxe Corporation	66.21	83.9%	3,168	3,843	1,970	487	3.0%	24.7%	2.0x	7.9x
Experian plc	24.73	97.5%	22,397	25,670	4,662	1,432	6.3%	30.7%	5.5x	17.9x
Nielsen Holdings plc	30.93	70.9%	10,936	19,320	6,656	1,697	4.1%	25.5%	2.9x	11.4x
Mean		85.4%					4.4%	22.8%	3.5x	16.4x

Sources: Bloomberg, Capital IQ and company filings, as of 6/29/2018

06/08/2018: **Wpromote**, the California-based digital marketing agency catering to the SMB market, is evaluating future buys following its first outside investment. **Wpromote** accepted a minority investment from **Shamrock Capital** in March 2018, which will allow it to build scale independently.

Market Intelligence

06/06/2018: Tronc (NASDAQ:TRNC) shareholder Michael Ferro has terminated the sale of his stake in the Chicago-based newspaper group to **McCormick Media**, saying the latter had breached its obligations. The details of the breach were not disclosed. In April, the former Tronc chairman agreed to sell the 25.6% stake for USD 209m.

05/08/2018: HubSpot (NYSE:HUBS), the Massachusetts-based digital sales and marketing firm, wants to acquire a complementary software business in Canada that it can transform into a second North

American headquarters. Acquisition targets should have first-rate technology, strong leadership and a strong cultural fit.

05/02/18: Cheil Worldwide (KRX:030000), a diversified advertising agency based in South Korea, is considering additional M&A opportunities. The company has been transforming into a digital-focused agency, moving away from traditional media channels over the past several years. **Cheil** is reviewing M&A opportunities in the U.S., UK, South Asia and South America.

Siris Capital Group has acquired **Web.com** (NASDAQ:WEB), a leading provider of online marketing services, for ~\$2.0 billion.

Robert Aquilina, **Siris Capital Executive Partner**, said: **"Web.com** has a 20+ year legacy of leadership in the market with strong brand equity and a growing portfolio of value-add online and marketing services for SMBs. **Siris** looks forward to nurturing **Web.com's** core domain business, supporting and anticipating the needs of the company's customers, and driving new opportunities for innovation and growth."

Select Q2 M&A Activity

Q2 Spotlight Transaction

Web.com Inc. (NASDAQ:WEB), a provider of online marketing services for small and medium-size businesses, announced in June that it has agreed to be acquired by a unit of private-equity firm Siris Capital Group in an all-cash deal valued at about \$2 billion. Siris will pay Web.com shareholders \$25 a share in cash, equal to a 30% premium over the stock's 90-day volume-weighted average price ended on June 19, 2018.

Web.com will hold a special shareholder meeting as soon as it can to vote on the deal. If the vote is successful, it expects the deal to close in the fourth quarter. In the meantime, the company has a 'go-shop' period until August 5 to seek a superior bid.

"This transaction will provide shareholders with immediate and substantial cash value, while also providing us with a partner that shares in our commitment to customers and employees and can add strategic and operational value," Web.com Chief Executive David Brown said in a statement.

Select M&A Transactions

Closed	Target	Target Description	Acquirer
Announced	Web.com Group	Provides online marketing services for SMB market	Siris Capital Group
Announced	Adaptive Lab	Provides digital innovation consulting services	Idean Enterprises
Announced	Warc	Provides online advertising and media research content services	Ascential
Announced	Screenvision Cinema Network	Provides cinema advertising, in-lobby promotions and marketing programs	ABRY Partners
Announced	MLW Squared	Provides personalized digital coupons and advertisements	Quotient Technology
Announced	WordStream	Provides search marketing software and pay-per-click management solutions	Gannett
Announced	FRWD	Provides digital media, talent development and incubation services	Bain & Company
Announced	RevEngine Marketing	Provides marketing consulting and digital marketing services	Digital Pi
Jun-18	Infield Digital	Provides digital experience consulting services	HS2 Solutions
Jun-18	Earnie Agency	Provides digital marketing services	Threepipe
Jun-18	Red Hare Digital and Whippet	Provides digital marketing services	M&C Saatchi
Jun-18	Market Strategies / Morspace	Provides outsourced market research services	STG Partners
Jun-18	Delivra	Provides email marketing software and professional services	Campaign Monitor
Jun-18	Emma	Provides email marketing solutions	Campaign Monitor
Jun-18	Email Aptitude	Provides email program management and strategy, CRM and creative services	Elite SEM
Jun-18	JMH Consulting	Provides higher education marketing, recruiting and retention services	EducationDynamics
Jun-18	Brand Protection Agency	Operates as a platform that provides the ability to manage reseller channels	Ansira
May-18	Swiftpage	Provides integrated customer relationship management software	SFW Capital Partners
May-18	Cappuccino	Operates as a full-service digital marketing and technology agency	Weber Shandwick
May-18	MaassMedia	Provides end-to-end digital analytics services	HERO Digital
May-18	Zebra Worldwide	Provides video and content production services	CreativeDrive
May-18	Cloud Savings Company	Provides money-saving and lifestyle mobile applications	Groupon
Apr-18	Blizzard Internet Marketing	Provides online marketing, web design and reservation engine services	RedAwning.com
Apr-18	National Mail-It	Provides direct and shared mail services and data analytics services	Mspark
Apr-18	Digg	Operates as a news aggregation website	BuySellAds.com
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Source: Capital IQ, Mergermarket, Company Filings as of 6/30/2018

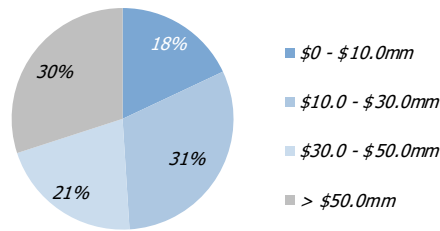
The Lincoln VOG Database – Lincoln’s Perspectives on the Mid-Market

About the Lincoln VOG Database:

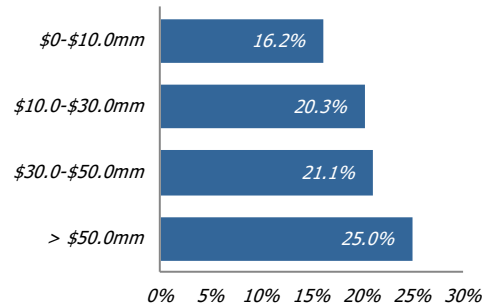
Lincoln maintains an extensive proprietary database in connection with its quarterly portfolio valuation activities by the Valuations and Opinions Group, containing financial data for a diverse group of companies across ten primary industry segments. The database offers a glimpse into the mid-market 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 970 mid-market companies.

Trends by Size (LTM EBITDA)

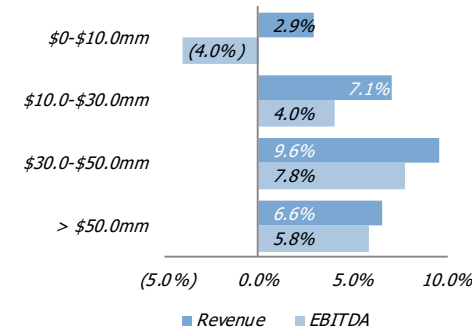
Distribution by Size



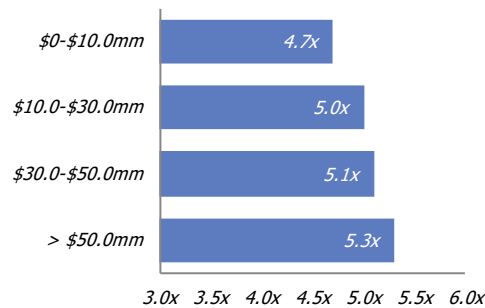
Average LTM EBITDA Margin by Size



Quarter over Prior Year Quarter Revenue and EBITDA by Size

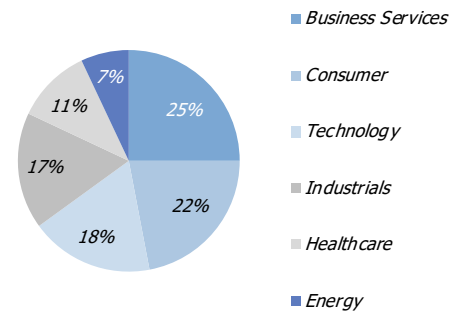


Average Current Leverage by Size

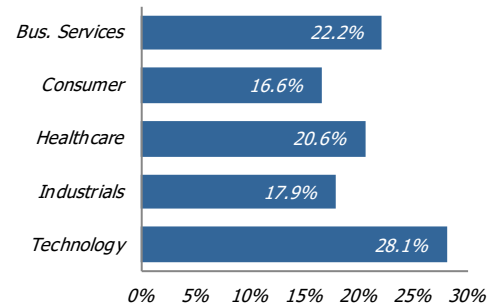


Trends by Industry Vertical

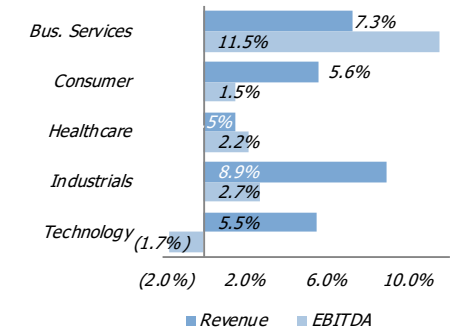
Distribution by Vertical



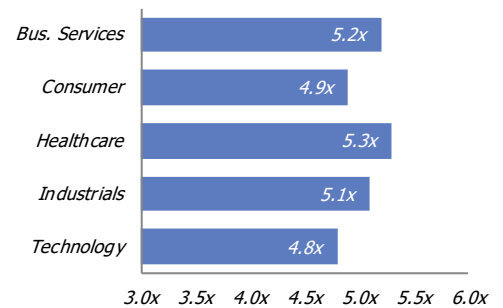
Average LTM EBITDA Margin by Vertical



Quarter over Prior Year Quarter Revenue and EBITDA by Vertical



Average Current Leverage by Vertical



Global Industry Groups

Business Services
Consumer
Energy, Power & Infrastructure
Healthcare
Industrials
Technology, Media & Telecom

Global Locations

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

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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 twenty 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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