

Market Update

Marketing Technology & Services

Q4 2017

Key Highlights

- **Lincoln Update:**
Closed on the sale of Spectrio in September 2017, with a strong pipeline of Marketing Technology & Services engagements heading into 2018
- **Measures that Matter:**
Continued Investment in the Commerce Enablement Ecosystem
- **Subsector Highlight:** Marketing Agencies
- **Key Transaction:**
HelloWorld, a digital marketing solutions company, backed by L Catteron, has sold to Dentsu Aegis Network. The company will be rebranded as HelloWorld, a Merkle Company.

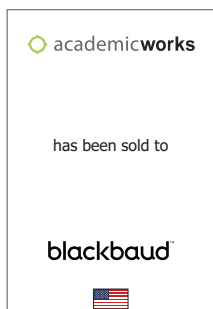
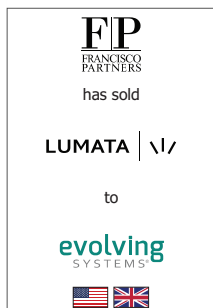
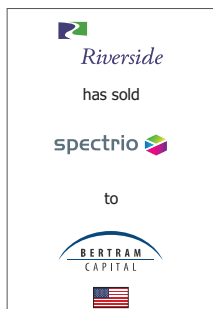
Lincoln International's Marketing Technology & Services Coverage

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

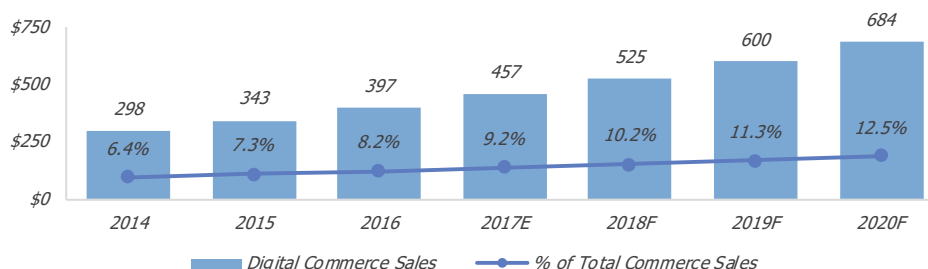
Lincoln News



Measures that Matter: Continued Investment in the Commerce Enablement Ecosystem

U.S. Digital Commerce Sales

(\$ in billions)



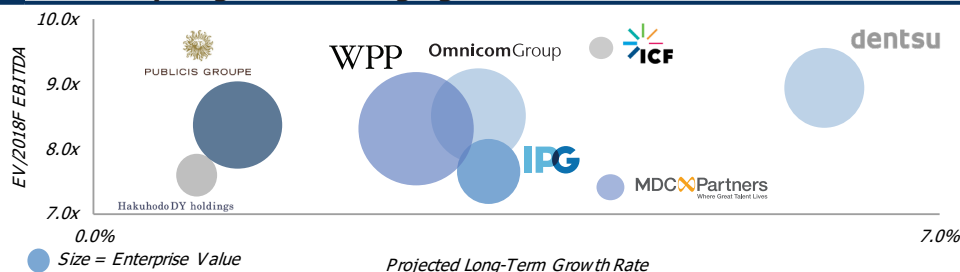
Sources: eMarketer, Gartner

Digital Commerce Driving Attractive Investment Opportunities

Exponential growth in digital commerce is driving a new wave of investment in the large ecosystem of commerce enablement technologies and services. Digital commerce now represents nearly 10% of total retail in the U.S., leaving merchants scrambling to build out their multichannel commerce capabilities. Established companies like IBM, Magento, Oracle and SAP will benefit from over 15% year-over-year growth in spend for commerce enablement platforms, but smaller players are also taking share of what is expected to be a \$10+ billion market by 2020. Digital marketing remains the largest expenditure within the commerce enablement category, with customer experience and data science representing the

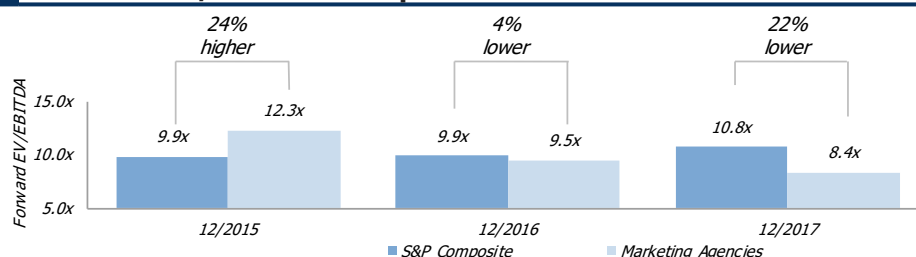
next two most popular areas for spend. While investors can still find attractive opportunities in established segments of the market, they should understand the impact from emerging segments as well. For example, Internet of Things (IoT) and Artificial Intelligence (AI) technologies represent the fastest growing categories of investment by merchants. In fact, retail experts believe that in less than five years, at least 5% of digital commerce orders will be predicted and initiated by AI systems. For readers interested in Commerce Enablement, Lincoln will publish a dedicated Commerce Enablement Market Update starting in Q2 2018.

Sector Spotlight: Marketing Agencies



Notes: EBITDA forecasts based on analyst consensus estimates

Forward EV / EBITDA Multiples



Note: EBITDA forecasts based on analyst consensus estimates

Lincoln International Marketing Technology & Services Index

Company Name	Stock Price	% of 52	Market Cap	Enterprise Value	LTM		YoY Revenue Growth	EBITDA Margin	Enterprise Value / LTM	
		Week High			Revenue	EBITDA			Revenue	EBITDA
Marketing Agencies										
Dentsu, Inc.	\$42.39	72.9%	\$11,951	\$15,134	\$8,057	\$1,475	2.8%	18.3%	1.9x	10.3x
Hakuhodo DY Holdings, Inc.	12.99	89.4%	4,843	3,960	11,481	509	(6.3%)	4.4%	0.3x	7.8x
ICF International, Inc.	52.50	90.6%	979	1,202	1,198	113	1.8%	9.5%	1.0x	10.6x
MDC Partners, Inc.	9.75	79.5%	569	1,677	1,501	169	10.9%	11.3%	1.1x	9.9x
Omnicom Group, Inc.	72.83	83.3%	16,790	20,643	15,339	2,327	0.1%	15.2%	1.3x	8.9x
Publicis Groupe SA	68.02	82.1%	15,374	17,901	11,207	1,969	2.0%	17.6%	1.6x	9.1x
The Interpublic Group of Companies, Inc.	20.16	78.4%	7,834	9,493	7,806	1,105	0.4%	14.2%	1.2x	8.6x
WPP plc	18.13	69.6%	23,018	29,920	19,814	3,570	11.4%	18.0%	1.5x	8.4x
Mean		80.7%					2.9%	13.5%	1.3x	9.2x
Digital Marketing										
Alibaba Group Holding Limited	\$172.43	89.9%	\$442,426	\$438,165	\$29,631	\$12,408	57.9%	41.9%	14.8x	NM
Alphabet, Inc.	1,053.40	97.0%	729,458	633,279	104,596	34,441	22.3%	32.9%	6.1x	18.4x
Facebook, Inc.	176.46	95.8%	512,759	474,470	36,490	20,270	47.9%	55.5%	13.0x	23.4x
GoDaddy Inc.	50.28	97.9%	6,826	8,966	2,116	247	18.4%	11.7%	4.2x	NM
LendingTree, Inc.	340.45	95.7%	4,075	3,965	558	83	54.1%	15.0%	7.1x	NM
QuinStreet, Inc.	8.38	76.4%	383	333	314	5	5.0%	1.7%	1.1x	NM
Twitter, Inc.	24.01	93.9%	17,759	15,273	2,429	226	(3.7%)	9.3%	6.3x	NM
Web.com Group, Inc.	21.80	84.0%	1,063	1,720	748	152	13.0%	20.3%	2.3x	11.3x
Mean		91.3%					26.9%	23.5%	6.9x	17.7x
Marketing Technology										
Adobe Systems, Inc.	\$175.24	94.1%	\$86,383	\$82,445	\$7,302	\$2,494	24.7%	34.2%	11.3x	33.1x
Bazaarvoice, Inc.	5.45	99.1%	469	404	206	1	2.4%	0.4%	2.0x	NM
ChannelAdvisor Corporation	9.00	59.4%	239	186	120	(6)	8.4%	(5.3%)	1.5x	NM
Cision Ltd.	11.87	86.8%	1,456	2,580	611	191	83.0%	31.3%	4.2x	13.5x
Criteo SA	26.03	46.5%	1,718	1,387	2,189	204	34.4%	9.3%	0.6x	6.8x
Marin Software, Inc.	10.95	57.1%	62	35	80	(16)	(24.3%)	(19.9%)	0.4x	NM
Rocket Fuel, Inc.	102.23	93.6%	73,841	72,800	9,923	553	25.5%	5.6%	7.3x	NM
salesforce.com, inc.	101.00	81.5%	10,088	9,161	581	(36)	76.5%	(6.1%)	15.8x	NM
Shopify Inc.	4.03	79.0%	206	129	177	(10)	150.8%	(5.7%)	0.7x	NM
Tremor Video, Inc.	4.78	78.9%	167	128	160	15	(5.2%)	9.1%	0.8x	8.8x
YuMe, Inc.	\$175.24	94.1%	\$86,383	\$82,445	\$7,302	\$2,494	24.7%	34.2%	11.3x	33.1x
Mean		77.6%					37.6%	5.3%	4.5x	15.5x
Traditional Marketing Communications										
Cenveo, Inc.	\$0.90	11.6%	\$8	\$1,060	\$1,508	\$118	(8.2%)	7.8%	0.7x	9.0x
Cimpress N.V.	119.88	96.7%	3,721	4,741	2,255	145	21.5%	6.4%	2.1x	32.7x
InnerWorkings, Inc.	10.03	83.4%	543	664	1,106	46	1.4%	4.2%	0.6x	14.3x
Quad/Graphics, Inc.	22.60	77.8%	1,172	2,211	4,166	469	(6.3%)	11.3%	0.5x	4.7x
R.R. Donnelley & Sons Company	9.30	50.2%	652	2,690	6,935	449	93.2%	6.5%	0.4x	6.0x
Mean		63.9%					20.3%	7.2%	0.9x	13.3x
Data-Driven Marketing Services										
Acxiom Corporation	\$27.56	90.7%	\$2,185	\$2,246	\$886	\$80	0.9%	9.0%	2.5x	28.2x
Aimia, Inc.	2.98	39.4%	454	442	1,709	99	(3.9%)	5.8%	0.3x	4.4x
Alliance Data Systems Corporation	253.48	95.2%	14,004	34,161	7,441	1,503	5.4%	20.2%	4.6x	22.7x
comScore, Inc.	28.50	83.8%	1,632	-	369	37	0.0%	10.1%	0.0x	0.0x
Experian plc	22.11	95.8%	20,074	23,577	4,439	1,548	7.1%	34.9%	5.3x	15.2x
Harte-Hanks, Inc.	0.95	57.5%	59	60	394	6	(4.1%)	1.6%	0.2x	9.8x
Nielsen Holdings plc	36.40	79.6%	12,965	20,951	6,467	1,675	3.0%	25.9%	3.2x	12.5x
Mean		77.4%					1.2%	15.3%	2.3x	13.3x

Sources: Bloomberg, Capital IQ and company filings, as of 12/31/2017

12/06/2017:
Bain Capital
has successfully
completed its tender
offer on **Asatsu-**
DK (TYO:9747),
as ~90% of existing
shareholders accepted
the offer

Market Intelligence

12/26/2017: Cision (NYSE:CISN), the GTCR-backed, provider of public relations services and software, has signed a definitive agreement to acquire **PRIME Research**, the Germany-based global provider of media measurement and analysis services.

12/12/2017: On Location Experiences, a PE-backed hospitality business, announced it has acquired **PrimeSport**, a leader in providing direct access to sports and entertainment events. On Location Experiences is backed by **RedBird Capital Partners**, **Bruin Sports Capital**, **32 Equity** and **The Carlyle Group**.

11/27/17: Bazaarvoice (NASDAQ:BV), a provider of consumer-generated content, advertising and personalization solutions has entered a definitive agreement to sell to affiliates of **Marlin Equity Partners** for approximately \$521m.

10/04/17: Gannett (NYSE:GCI), the parent company of **USA Today Network**, has acquired **Grateful Ventures**, an online and media publishing company focused on food and cooking.

HelloWorld, a digital marketing solutions company backed by **L Catterton**, has sold to **Dentsu Aegis Network**. The company will be rebranded as **HelloWorld, a Merkle Company**.

Select Q4 M&A Activity

Q4 Spotlight Transaction

Dentsu Aegis Network's subsidiary, Merkle, has announced that it has acquired Detroit, Michigan-based HelloWorld, a digital marketing solutions provider focused on promotion and loyalty solutions.

elloWorld has developed a differentiated practice that links response-driven consumer promotion with loyalty strategies and program execution. The company operates at the intersection of data, technology and marketing strategy, enabling marketers to

more effectively engage consumers and drive desirable emotional and behavioral response.

"HelloWorld and Merkle share the vision to help our clients transform their marketing through insight-driven personalized experiences," said Peter DeNunzio, CEO of HelloWorld, who will retain his position. "Leveraging the growth we have seen in recent years and joining force with Merkle creates a true industry leader in people-based marketing solutions."

Select M&A Transactions

(\$ in millions)

Closed	Target	Target Description	Acquirer
Announced	Lending Manager	Develops websites and mobile applications for the mortgage industry	LoyaltyExpress
Announced	Optimob	Automates and optimizes software for ad networks and publisher management	HasOffers
Announced	HelloWorld	Consumer loyalty and engagement platform	Merkle
Announced	PRIME Research International	Provides strategic communication research services	Cision
Announced	Bazaarvoice	Provides marketing tools for understanding consumer voice	Marlin Equity Partners
Announced	Oxyma Group	Provides omni-channel marketing services	Merkle
Announced	Swirl	Provides advertising, strategy and media development and analytics services	Dentsu
Dec-17	PrimeSport	Provides sports travel and event management services	On Location Events
Dec-17	Diamond Marketing Solutions Group	Provides design, production and deployment of data-driven customer communications	Output Services Group
Dec-17	HookLogic Travel Business	Provides hotel advertising technology solutions	Koddi
Dec-17	Asatsu-DK	Marketing and public relations agency	Bain Capital Private Equity
Nov-17	The Clark Group	Provides third party logistics services for publishing, printing and distribution industries	LSC Communications
Nov-17	Plowshare Group	Operates as an advertising agency for nonprofit and government organizations	Publicis Groupe
Nov-17	Bankrate	Lead generation platform for personal finance and other verticals	Red Ventures Holdco
Nov-17	Immerse Group	Provides digital consumer engagement solutions	Havas
Nov-17	Quality Park Products	Provides quality envelopes, mailing supplies and assorted packaging	LSC Communications
Oct-17	Midnight Labs	Operates as a mobile application that enables people to give anonymous feedback	Facebook
Oct-17	Grateful Ventures	Provides online media and publishing coalition solutions	Gannett
Oct-17	Tique	Operates an online marketplace that connects brands with audiences	StackCommerce
Sep-17	Spectrio	Provides on-hold messaging and digital signage managed services	Bertram Capital Management

Source: Capital IQ, Mergermarket, Company Filings as of 12/31/2017

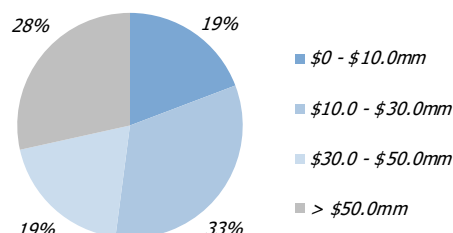
The Lincoln VOG Database – Lincoln's Perspectives on the Mid-Market

About the Lincoln VOG Database:

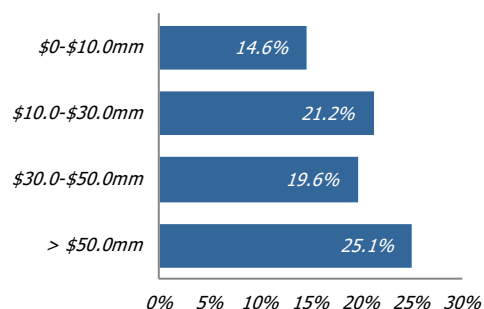
Lincoln maintains an extensive proprietary database in connection with its quarterly portfolio valuation activities by the Valuations and Opinions Group, containing financial data for a diverse group of companies across ten primary industry segments. The database offers a glimpse into the mid-market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

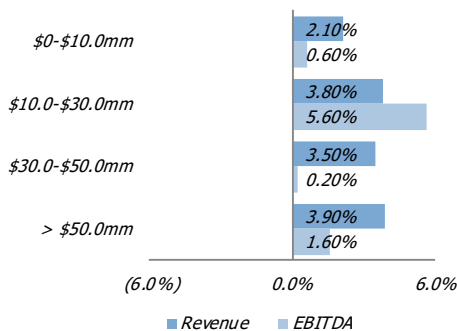
Distribution by Size



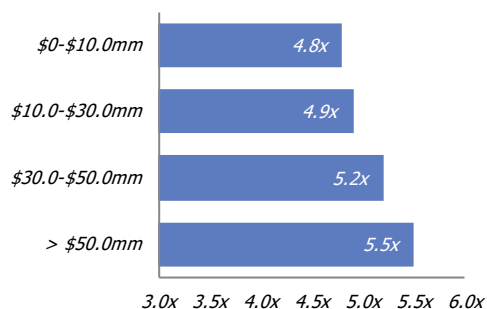
Average LTM EBITDA Margin by Size



Quarter over Prior Year Quarter Revenue and EBITDA by Size

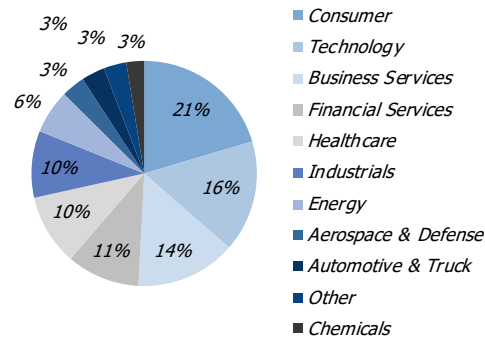


Average Current Leverage by Size

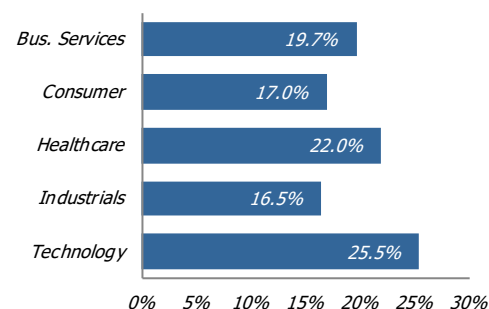


Trends by Industry Vertical

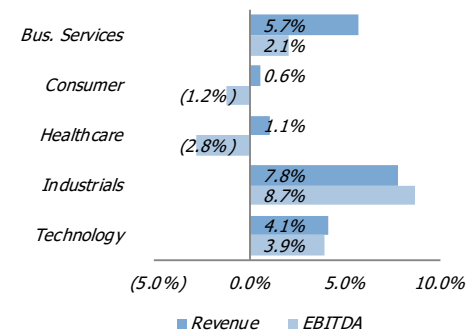
Distribution by Vertical



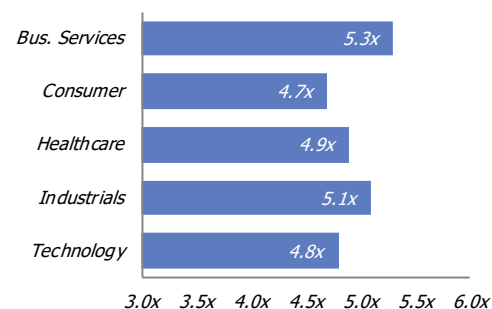
Average LTM EBITDA Margin by Vertical



Quarter over Prior Year Quarter Revenue and EBITDA by Vertical



Average Current Leverage by Vertical



Global Industry Groups

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
Tokyo
Vienna
Zurich

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JV & Partnering
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Special Situations

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 nineteen 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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