



Q2 2016

**M&A in Advertising, Marketing
Services & Marketing Technologies**

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New York • Minneapolis • Sao Paulo

Q2 2016 OVERVIEW

Summary and Key Highlights

Our approach to quarterly M&A reports this year is to focus on relevant [as opposed to all] deals that are of most interest to our readers. The net effect is we will be reporting a lower number of deals overall but with the tradeoff benefit that they will be deals you may recognize or relate to, that is they will be deals that feature Advertising, PR and Marketing Services agencies as well as AdTech firms.

With this in mind, there were 62 such deals in Q1 of 2016 and 44 in Q2. A second quarter drop is typical in that Q1 usually includes (prior) year-end deals that rolled over or were announced in Q1.

Overall, we can report that M&A activity counts in the sectors of interest remain buoyant, pretty much reflecting year ago comparisons.

Multiples, however, are up over 2015 by ½ to a full point exhibiting not only the continued availability of low interest rates but also a diverse and plentiful buyer landscape. For the better managed agencies with the most sought after attributes its very much a sellers' market.

Despite the market buoyancy and perhaps because of consistent higher multiples, U.S. PE activity declined in the first half of 2016*. And we know it's

not because there's a scarcity of funds (the opposite is true); it's more likely that the continued high valuations we're seeing in the U.S. impede the typical PE acquisition model.

Conversely, Holding Company Networks all remained active -- while WPP led Q1 with 12 transactions it was Dentsu Aegis out in front in Q2 with 7 deals closed.

Newsworthy...










Keeping the San Francisco deal market hot and following **Deloitte's** acquisition of stellar creative agency **Heat** in Q1, **VCCP** has acquired **Muhtayzik Hoffer** -- this being one of three PE backed deals in Q2.

London based VCCP opened its doors in 2002 and is part of **Chime Communications** which itself was taken private by **Providence Equity Partners** in 2015. Providence owns around 80% of the Chime group. **WPP** owns the other 20%.

VCCP was already a powerful agency brand most everywhere on the planet except in the US and needed to find a strong digital creative shop to continue to fuel its rapid growth -- they certainly found it in the much vaunted Muhtavzik Hoffer which like Heat is a recent AdAge 'Small Agency of the Year' winner.

Another San Francisco deal in Q2 features independent buyer **Wire Stone**, a top-25 independent digital marketing agency, acquiring **Tenthwave Digital**, a New York City agency. The acquisition expands Wire Stone's national footprint to include the East Coast, and adds approximately 60 employees to its 200-person roster of integrated marketing specialists.

A truly gigantic deal ends our newsworthy list for Q2 with yet another Bay Area deal, this time with **Microsoft** flexing its considerable muscles to acquire **LinkedIn** in a deal valued at a \$26.2 billion.

Company	Q1 2016 Deals	Q2 2016 Deals	H1 2016 Deals
 dentsu	8	7	15
 WPP	12	-	12
 publicis	1	-	1
 HAVAS	1	1	2
 IPG	3	-	3
 IBM	4	-	4
 Deloitte	1	-	1
 MERKLE	2	-	2
 FREEMAN	1	1	2

*Source: PitchBook 7.11.16

Q2 2016 DEALS

Date		Buyer	Seller	Sector (seller)	Valuation
4/4/16		Clear Night Group	Ackmann and Dickenson	Digital Marketing Firm	
4/5/16		Rightpoint	Agency Oasis	Digital Agency	
4/13/16		Shopify	Kit CRM	Conversational Commerce	
4/14/16		Audax	HALO	Promotional Products Distributor	
4/15/16		Bjl	UBM	Integrated Media	
4/15/16		engagedclick	[24]7	Programmatic Media and Technology Platform	
4/18/16		Dentsu Aegis	Consider Digital (Malaysia)	Full Service Digital Agency	
4/18/16		Dentsu Aegis	Merdeka LHS (Malaysia)	Creative Boutique and Brand Consultancy	
4/19/16		Iris	Founded	B2B Agency	
4/29/16		Havas Group	Roth Associates	Search Consultancy	
5/1/16		Chime's VCCP (UK)	Muhtavzik Hoffer	Advertising Agency	
5/3/16		Dentsu Aegis' Posterscope	Liveposter	Out of Home Platform	
5/6/16		Freeman	Exhibit Surveys	Market Research	
5/6/16		Wasserstein	Moss	3D Fabric Structures and Enviromental Branding	
5/13/16		Dentsu Aegis' McGarry Bowen	AC (Mexico)	Advertising Agency	
5/16/16		Omnicon PR	Rabin Martin	Healthcare Firm	
5/18/16		Madison Logic	Internal Results	B2B Lead Generation Solutions	
5/18/16		Shapiro+Raj	MutualMind	Social Listening Analytics	
5/20/16		Mountaingate Capital	W2O	Private Equity Firm	
5/31/16		Dentsu Aegis	Digital Republic (Egypt)	Digital Agency	
5/31/16		Vista Equity Partners	Marketo	Marketing Technology	1.79 billion
6/1/16		Padilla CRT	FoodMinds	Nutrition Communication	
6/1/16		Syniverse	Vibes	Mobile Marketing	45 million
6/1/16		Tailwind Capital's LRW	Tonic Insight	Online Insight	
6/1/16		Wire Stone	Tenthwave Digital	Advertising Agency	
6/6/16		Clickdealer	Fikso	Mobile Marketing Ap Platform	
6/9/16		Spearhead IMCG (China)	Smaato	Mobile Supply Side Platform (SSP)	148 million
6/11/16		You & Mr.jones	Jivox	Digital Marketing Platform	Significant investment
6/13/16		Axel Springer	eMarketer	Digital Media	250 million
6/13/16		Microsoft	LinkedIn	Social Network	26.2 billion
6/14/16		MSLGroup	Have Faith in your Brand (China)	Cause Marketing	
6/15/16		Wirestone	tenthwave	Digital agency	
6/16/16		Apollo Retail Specialists	BDS	Retail Agency	
6/16/16		Dentsu Aegis	Cardinal Path	Digital Marketing Analytics	
6/16/16		Microsoft	Wand Labs	Messaging App Developer	
6/16/16		Samsung	Adgear	Demand-side platform & ad server	
6/17/16		Dentsu Aegis	Magnetix (Denmark)	Digital Agency	30 million
6/22/16		Nielson	Repucom	Sports Analytics	100 million
6/22/16		Verve	Roximity	Beacon Network	
6/25/16		Valorem Consulting	IdentityMine	UX	
6/27/16		Gannett Co.	ReachLocal, Inc.	Digital Marketing Solutions	156 million
6/27/16		Universal Music Group	Fame House	Digital Agency	
6/28/16		Imagine!	Midnight Oil	Marketing Agency	
6/30/16		Bruin Sports Capital	deltatre	Sports Media Service	
Q2 Total		44 Deals			

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McCracken Transactions

 Advised on Management Buyout MCCRACKEN ADVISORY PARTNERS	 Acquired  MCCRACKEN ADVISORY PARTNERS	 Acquired by  MCCRACKEN ADVISORY PARTNERS	 Acquired  MCCRACKEN ADVISORY PARTNERS
 Acquired a majority interest in  MCCRACKEN ADVISORY PARTNERS	 Acquired  MCCRACKEN ADVISORY PARTNERS	 Acquired purestone. MCCRACKEN ADVISORY PARTNERS	 Acquired by HUNTSMITH MCCRACKEN ADVISORY PARTNERS
 Acquired by  MCCRACKEN ADVISORY PARTNERS	 Acquired  MCCRACKEN ADVISORY PARTNERS	 Acquired LEADS UNITED Communication with an edge MCCRACKEN ADVISORY PARTNERS	 Acquired by  MCCRACKEN ADVISORY PARTNERS
 Acquired by  MCCRACKEN ADVISORY PARTNERS	 Acquired by J W T MCCRACKEN ADVISORY PARTNERS	 Acquired davis murphy group dmg. MCCRACKEN ADVISORY PARTNERS	

All statistics, figures and charts in this report are based on public data as of July 2016 and transaction announcement data gathered by McCracken Advisory Partners. This publication is not a substitute for professional advice or services.

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