



[Q4 2016]

M&A in Advertising, Marketing Services & Marketing Technologies

McCracken
ADVISORY PARTNERS

mccrackenap.com
New York - Minneapolis - Sao Paulo

[Q4 2016 overview]

Summary and Key Highlights

A Plethora of Buyers

An abundance of buyers was one of the big stories of 2016 - leading into 2017. Buyers interested in our sector now include not just the Global Networks but also small Networks and Independents, as well as Consulting Groups, Entertainment Groups, Publishers, Tech Companies, Retailers and PE Firms.

We hear that pretty much every well-run, independent Marcom, MarTech and AdTech firm was approached multiple times in 2016 by many if not all of these aforementioned suitor types.

So yes, it is a seller's market but sellers beware, only those with robust revenue growth, solid margins and a proprietary approach to serving their clients are achieving the high multiples being touted.

Most pundits including our firm project continued healthy growth in M&A with multi-disciplined buyer activity continuing at record levels.

MEDIAPOST names Dentsu Aegis as the 2016 'Agency Holding Company of the Year'.

Notwithstanding the awkwardness arising from the disclosure of billings improprieties and the resignation of CEO Tadashi Ishii at parent DENTSU, Dentsu Aegis charged on in 2016 with, by our count 34 acquisitions in 2016 (we may have overlooked a few), making Dentsu Aegis the most prolific M&A player among the Networks two years running.















Two back-to-back deals stand out: the \$1 billion-plus acquisition of **Merkle** in August, followed by the purchase of the trading desk **Accordant** in September. According to MediaPost, "Dentsu Aegis's integration of "digital-first" flagship **360i** with pure-play media services shop **Vizeum** demonstrates a vision that the future of media planning and buying and related

marketing services is not about the scale of buying media, but the scale of organizing, mining, analyzing and applying data to get more leverage in the marketplace."

In Q4, we identified 87 transactions with the Global Networks accounting for 24 (27%) - down a little percentage-wise from Q3 and a further indication that the buyer group is expanding to include a broader range of buyer types including and increasingly independent agencies that are bound and determined to gain control of their destiny via a combo of organic and acquired growth.

Joining the string of independents that in Q4 were acquirers were: **Kaplow PR** (NY) **Gavin Advertising** (PA), **Ivie & Associates** (TX) and the **Brandon Agency** (SC).

2016 DEALS

Company	Q4 2016 Deals	H2 2016 Deals	H1 2016 Deals	2015 Deals	2014 Deals
 dentsu	6	17	17	26	18
 WPP	9	17	12	40	52
 publicis WORLDWIDE	2	3	1	19	23
 HAVAS	2	2	2	9	5
 IPG	0	1	3	-	9
 IBM	1	1	4	-	-
 Deloitte	1	2	1	4	-
 MERKLE	1	1	2	2	3
 FREEMAN	0	0	2	-	-
 V Vista Equity Partners	0	2	0	7	2
 accenture	2	4	0	7	1
 Google	2	6	0	3	8

Q4 2016 deals

For more information about individual transactions, click on the buyer's name.

	BUYER	SELLER	SECTOR (SELLER)	VALUATION
NOVEMBER	<u>Visual IQ</u>	Refined Labs	Analytics	
	<u>WPP</u>	ScrollMotion	Mobile Content	\$6 Million investment
	<u>WPP's FITCH</u>	StartJG Hong Kong	Brand consultancy	Majority Stake
	<u>WPP's Xaxis</u>	Triad Retail Media	Programmatic Media Platform	
	<u>Accenture</u>	RichRelevance	Marketing Platform	Minority Stake
	<u>Accenture</u>	Karmarama	Advertising Agency	
	<u>Adobe</u>	TubeMogul	Video Advertising	\$540 M
	<u>Advantage Smollan</u>	Flixmedia	Marketing Tech	
	<u>Advantage Solutions</u>	Upshot	Marketing Agency	
	<u>Booz Allen Hamilton</u>	eGov Holdings	Digital Services Firm	
	<u>Creston</u>	DBAY	Marketing Agency	\$94.5 M
	<u>CSM Sports</u>	LeadDog Marketing	Event Agency	
	<u>DAC Group</u>	Ambergreen	Digital Marketing	
	<u>Datamentors</u>	V12 Group	Analytics	
	<u>Dentsu Aegis</u>	Gravity Media	Multicultural Marketing	
	<u>Dentsu Aegis</u>	Bluecom Group	E-commerce	
	<u>Dick's Sporting Goods</u>	Gamechanger Media	Mobile	
	<u>Diversified (Tailwind Capital)</u>	Media Management	Solutions Provider	
	<u>Dolan Family Ventures</u>	Analytics Media Group	Data analytics	
	<u>Empower MediaMarketing</u>	PROCLAMATION	Brand Agency	
	<u>Facebook</u>	CrowdTangle	Social Analytics	
	<u>Gavin Advertising</u>	TFM Advertising	Digital Agency	

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Q4 2016 deals

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	BUYER	SELLER	SECTOR (SELLER)	VALUATION
OCTOBER	<u>Criteo</u>	HookLogic	Retail Ad Server	\$250 Million
	<u>Dentsu Aegis</u>	Happy Creative Services	Creative Agency	\$44 Million
	<u>Discovery</u>	Group Nine Media	Media Company	Merger (\$100M investment)
	<u>Google</u>	Eyefluence	Eye Tracking Technology	
	<u>Google</u>	Famebit	Marketing	
	<u>Havas</u>	Target MCG	Entertainment Media	
	<u>Ignite Marketing Analytics</u>	ThinkVine	Marketing Optimization	
	<u>Kaplow Communications</u>	Mayday of NY	Creative Agency	
	<u>Kohlberg & Co.</u>	Marketcast	Research Firm	
	<u>MUNDOmedia Ltd</u>	36 Labs	Marketing Services	
	<u>Omnicom</u>	Portland	Advertising Agency	
	<u>Perficient</u>	Bluetube	Digital Consulting	
	<u>Project</u>	Wondersauce	Digital Agency	
	<u>PWC Sweden</u>	Pond	Brand Agency	
	<u>Salesforce</u>	Krux	Ad Tech Marketing	\$700 Million
	<u>Samsung Electronics</u>	Cheil Worldwide/ Samsung Group	Advertising Agency	\$235 M in shares
	<u>Shopify</u>	Boltmade	Product Design Firm	
	<u>Streetsense</u>	Delucchi Plus	Marketing Agency	
	<u>Tagboard</u>	Capture	Social Media	
	<u>The Economist</u>	Signal Noise	Agency Analytics	
	<u>The Stagwell Group</u>	Hubub	Technology Company	Strategic Investment
	<u>UDG Healthcare</u>	STEM Marketing Ltd	Marketing Auditing	\$103 Million

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Q4 2016 deals

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	BUYER	SELLER	SECTOR (SELLER)	VALUATION
NOVEMBER	<u>Havas Group</u>	Lemz	Full Service Agency	100% Stake
	<u>IBM</u>	Fluid (XPS Division)	Experiential	
	<u>Insight Enterprises</u>	Datalink	Data Management	\$258 M
	<u>Intel</u>	Voke VR	Experiential	
	<u>Ivie & Associates</u>	BuzzShift	Digital Agency	
	<u>LiveRamp</u>	Arbor	Marketing Startup	
	<u>LiveRamp</u>	Circulate	Marketing Startup	
	<u>Merkle</u>	Axis41	Digital Agency	
	<u>Pathmatics</u>	WhatRunsWhere	Analytics	
	<u>Publicis Sapient</u>	SapientRazorfish	Digital Agency	merger
	<u>Publicis' MSLGROUP</u>	North Strategic	Public Relations	
	<u>RetargetLinks</u>	Primeloop	Social Analytics	
	<u>Return Path</u>	Email Copilot	Email start-up	
	<u>SintecMedia</u>	Operative	Marketing Tech	\$200 M
	<u>Spotify</u>	Preact	Marketing Tech	
	<u>Sprinklr</u>	Little Bird	Twitter Search Tool	
	<u>The Brandon Agency</u>	Artizen Studio	Digital Design Firm	
	<u>W</u>	House PR	Public Relations	
	<u>W20</u>	Marketing Tech	Analytics Firm	
	<u>WPP</u>	PPG	Digital Marketing	Affiliation agreement
	<u>xAd</u>	WeatherBug	Weather website and app	

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	BUYER	SELLER	SECTOR (SELLER)	VALUATION
DECEMBER	<u>Clarion Capital</u>	Madison Logic	B2B Marketing Agency	"Hundreds of millions"
	<u>Deloitte</u>	Regester Larkin	Crisis Specialist	
	<u>Dentsu Aegis</u>	S&E Sponsorship Group	Strategic Consulting	
	<u>Dentsu Aegis</u>	Fractal Ink Design Studio	User Experience	\$36.8 M
	<u>Dentsu Aegis</u>	Veriplan	Media Agency	
	<u>Golden Gate Capital</u>	Neustar, Inc.	Advertising Technology	1.8 Billion
	<u>Match Marketing Group</u>	Trisect	Creative Agency	
	<u>MMGY Global</u>	Myriad Marketing	Travel Marketing	
	<u>Oculus</u>	The Eye Tribe	Eye Tracking Technology	
	<u>Perk, Inc.</u>	RhythmOne PLC	Tech-Enabled Advertising	42.5 Million
	<u>SessionM</u>	LoyalTree	Marketing Tech	
	<u>Snap Inc. (Snapchat)</u>	Flite	Ad Tech Firm	
	<u>Snap Inc. (Snapchat)</u>	Cimagine	Augmented Reality	\$30-\$40 M
	<u>The Mobile Majority</u>	Gimball	Geolocation Company	
	<u>Twitter</u>	Yes	App Developer	
	<u>W20 Group</u>	Sentient Interactive	Digital Agency	
	<u>WPP</u>	Promotion Execution Partners	Promotional Marketing	
	<u>WPP</u>	Eperium	Digital Consulting	
	<u>WPP's Burson-Marsteller</u>	Engage Burson-Marsteller	Public Relations	Minority Stake
	<u>WPP's Grey Group</u>	Tank	Full Service Agency	
	<u>WPP's MediaCom</u>	Code Computer Love	User Experience	Majority stake
	<u>DAC Group</u>	ad xmedia	Digital Marketing	

Q4 Total = 87 deals

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McCracken AP Transactions



Strategic Consulting

MCCRACKEN ADVISORY PARTNERS



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



MCCRACKEN ADVISORY PARTNERS



Acquired by



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