



# Sectorwatch: Consumer - Digital Marketing

January 2019

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# Overview

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7MA provides Investment Banking & Advisory Services to the Business Services and Technology Industries globally. We advise on M&A and private capital transactions, and provide market assessments and benchmarking. As a close knit team with a long history together and a laser focus on our target markets, we help our clients sell their companies, raise capital, grow through acquisitions, and evaluate new markets. We publish our sectorwatch, a review of M&A and operational trends in the industries we focus.

## Dashboard

- Summary metrics on the sector
- Commentary on market momentum by comparing the most recent 12-month performance against the last 3-year averages.



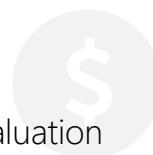
## Public Basket Performance

- Summary valuation and operating metrics for a basket of comparable public companies



## Valuation Comparison

- Graphical, detailed comparison of valuation multiples for the public basket



## Recent Deals

- The most recently announced deals in the sector



# Dashboard



## Revenue Growth Momentum

↑0.01

1 - year revenue growth compared to revenue growth average for last 3 years

Current revenue growth rate exceeds the average of the last 3 years by this amount, indicating that market momentum is increasing

## Pricing / Gross Margin Momentum

↑0.1%

1 - year gross profit % compared to gross profit % average for last 3 years

Current gross profit margin exceeds the average of the last 3 years gross profit margin by this amount, indicating supplier pricing power

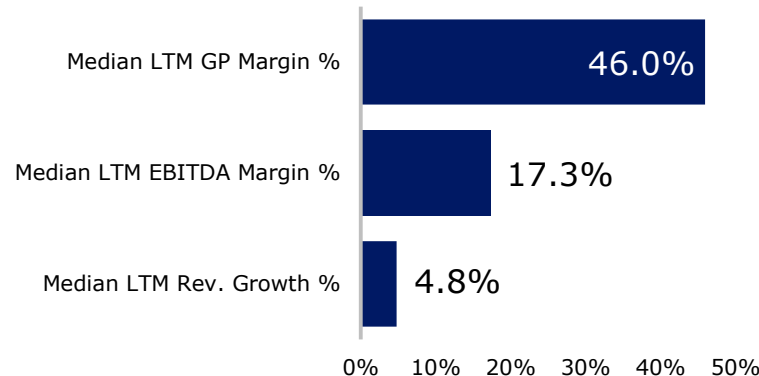
## Profitability

↓-1.1%

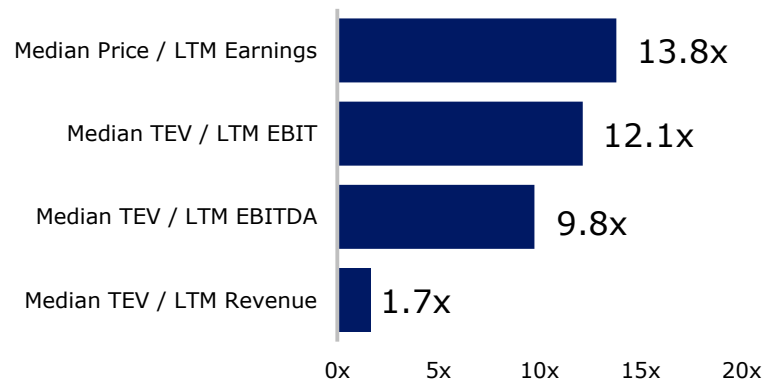
1 - year EBITDA % compared to EBITDA % average for last 3 years

Current EBITDA margin is less than the average of the last 3 years EBITDA margins, which may signal further consolidation

## Operating Metrics



## Valuation



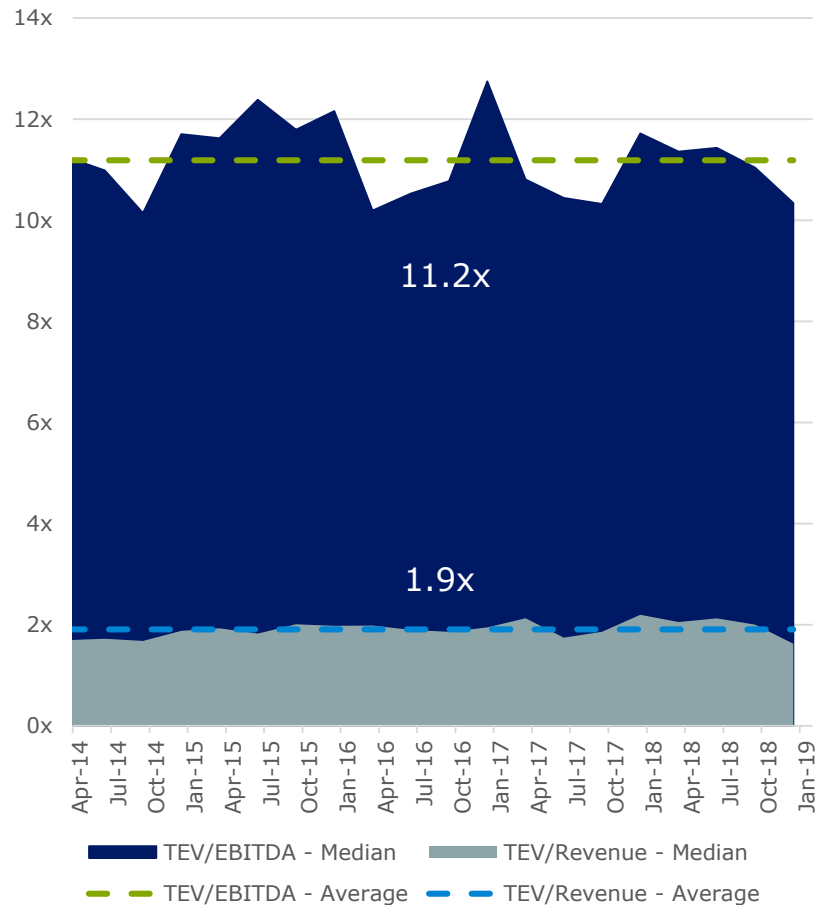
# Public Basket



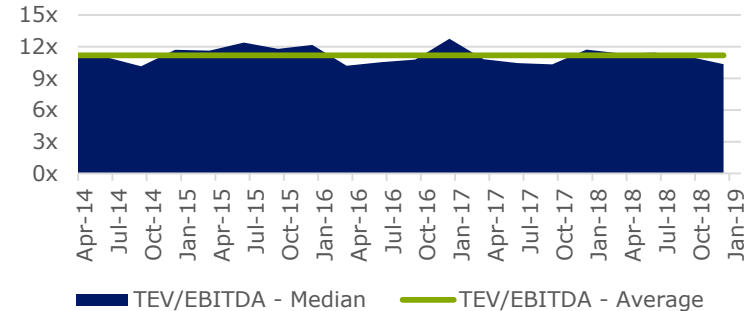
Company	TEV \$m	LTM Rev \$m	Rev Growth YoY	GP %	EBITDA %	TEV / Rev X	TEV / EBITDA X	# FTEs	Rev / FTE \$k
Inuvo, Inc.	41	80	6%	58%	-2%	0.5	0.0	89	900
Integrated Research Limited	262	67	0%	100%	28%	4.0	14.4	260	259
Clear Channel Outdoor Holdings, Inc.	7,234	2,705	5%	46%	22%	2.7	12.3	5,700	475
Axel Springer SE	8,362	4,260	17%	39%	17%	2.0	12.8	15,836	269
Black Knight, Inc.	8,482	1,096	5%	46%	34%	7.7	22.6	4,430	247
The Interpublic Group of Companies, Inc.	10,235	8,158	7%	35%	15%	1.3	8.6	50,200	163
Dentsu Inc.	11,310	8,784	10%	93%	18%	1.2	6.8	60,064	146
Nielsen Holdings plc	17,254	6,618	2%	57%	24%	2.6	10.7	46,000	144
Omnicom Group Inc.	20,695	15,380	0%	18%	15%	1.3	8.8	77,300	199
WPP plc	20,722	19,935	-3%	20%	15%	1.1	6.8	134,413	148
<b>Average</b>	10,460	6,708	5%	51%	19%	2.4	10.4	39,429	295
<b>Median</b>	9,359	5,439	5%	46%	17%	1.7	9.8	30,918	223

share price as of 16Jan19

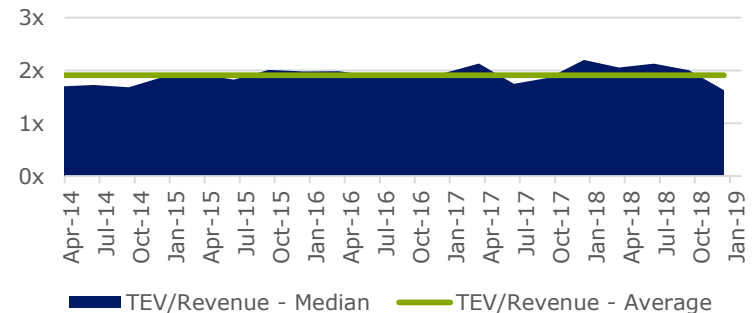
# Public Basket Valuation Trends



## Public EBITDA Multiples over Time



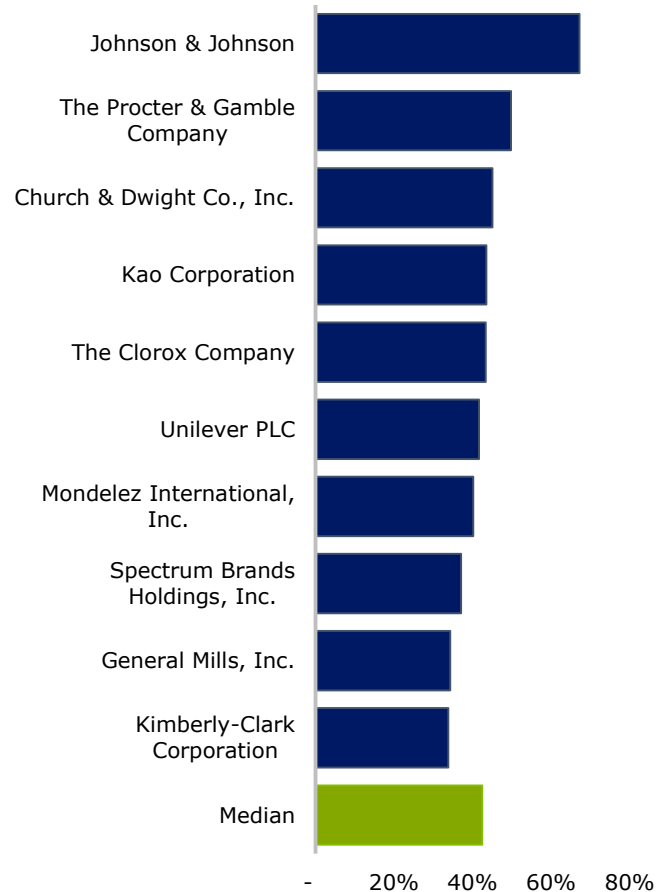
## Public Revenue Multiples over Time



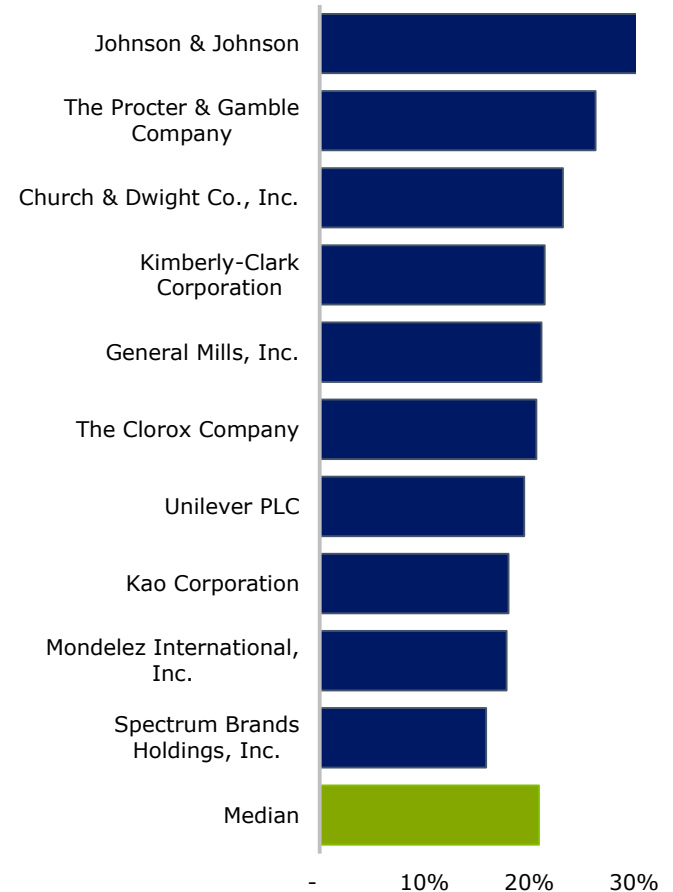
# Operational Metrics



## LTM Gross Profit Margin %



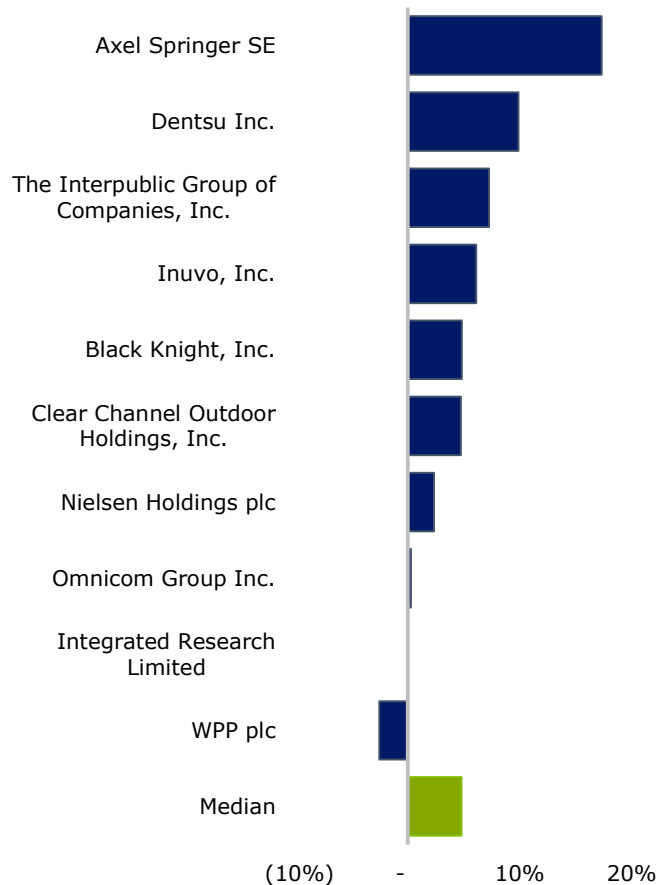
## LTM EBITDA %



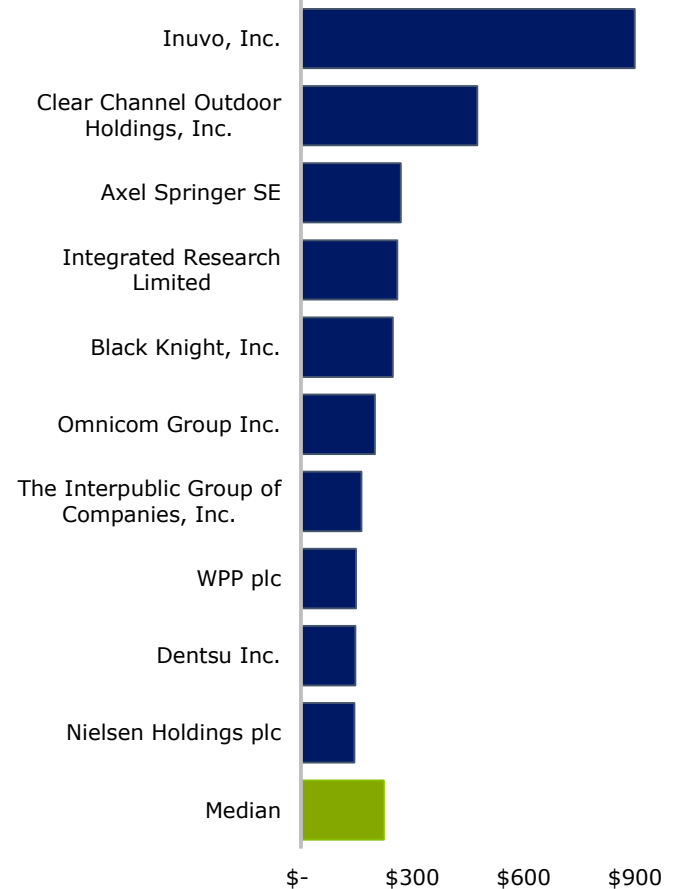
# Operational Metrics



## LTM Revenue Growth %



## LTM Revenue per Full Time Employee x 000's

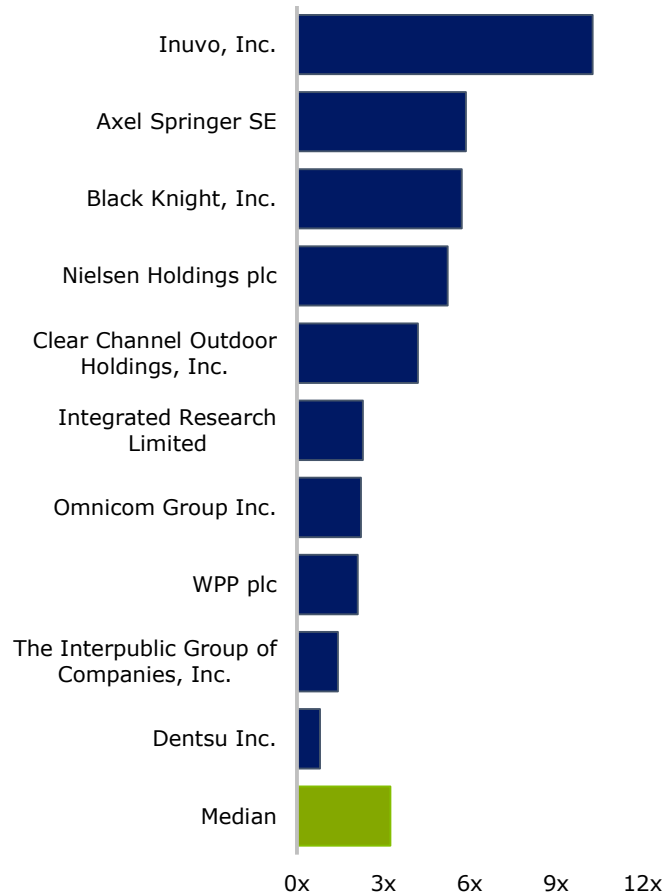




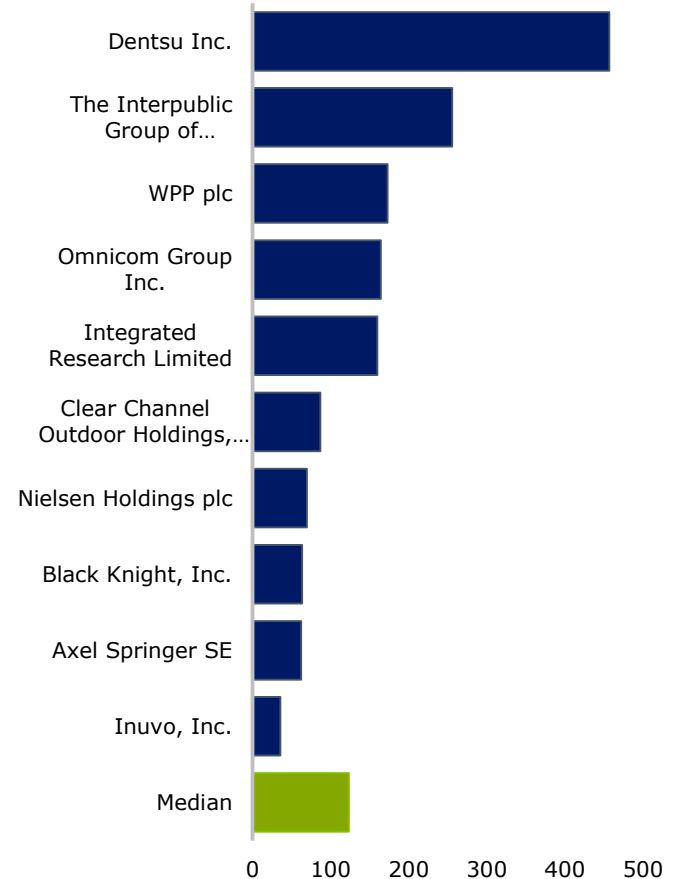
# Operational Metrics



## Accounts Receivable Turnover



## Average Days Sales Outstanding



# Valuation



## TEV / LTM Revenue



## TEV / LTM EBITDA



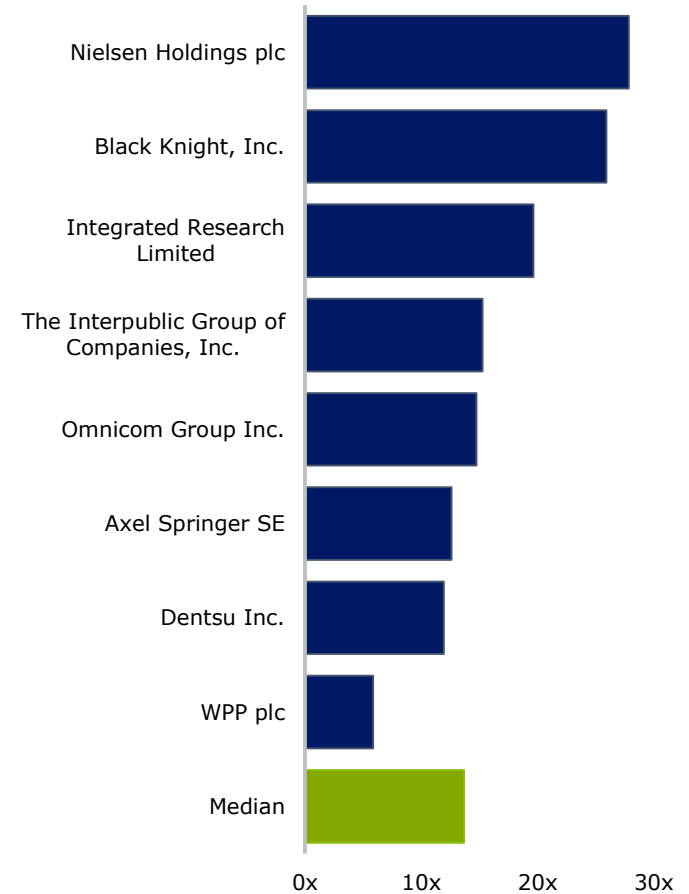
# Valuation



## TEV / LTM EBIT



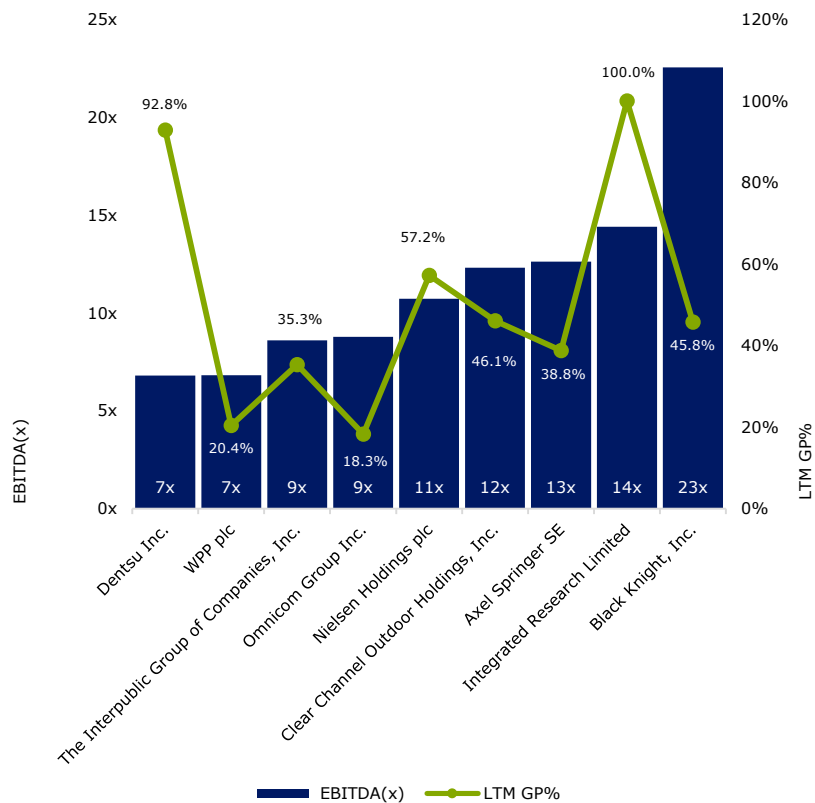
## Price / LTM Earnings



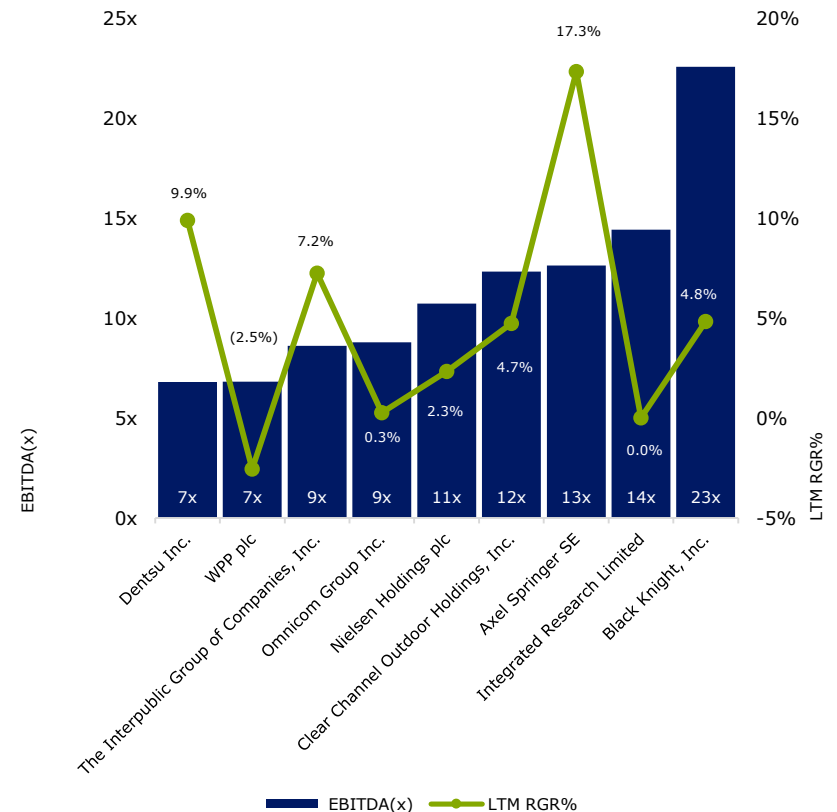
# Valuation



## Historical Valuation Multiples versus Gross Profit



## Historical Valuation Multiples versus Revenue Growth Rate



# Recent Transactions



Date	Target	Buyer / Investor	Total Transaction Value	Target Revenue	TEV / Revenue	TEV / EBITDA
13Dec18	Codigo, LLC	Spectrio, LLC	-	-	-	-
15Nov18	Feefo Holdings Limited	Vespa Capital	32.93	-	-	-
7Nov18	CenterStone Technologies, Inc.	PlumRiver LLC	-	-	-	-
1Nov18	Think Limited	EPAM Systems, Inc.	-	-	-	-
1Jun18	VERTIKOM GmbH	Fentus 91. GmbH	22.68	87.67	0.3x	-
20Apr18	Callcredit Information Group Limited. (nka:TransUnion Information Group Limited)	TransUnion LLC	1,403.02	-	-	-
4Apr18	Kepler Group LLC	kyu	-	-	-	-
31Dec17	projekt202, LLC.	Amdocs Limited	54.00	-	-	-
19Oct17	ymarketing, LLC	Sandbox Group LLC	-	-	-	-
12Oct17	Inspired Thinking Group Limited	Equistone Partners Europe	-	118.50	-	-
22Jun17	React2Media, LLC	Antevenio, S.A.	2.25	5.60	0.8x	-
1Feb17	ethology, Inc.	Tallwave, LLC	-	-	-	-
21Mar17	BD Network (Australia) Pty Ltd	Havas Australia Pty Ltd	-	-	-	-
8Dec16	Sentient Interactive, LLC	W2O Group	-	-	-	-
14Sep16	Summit Media Ltd	TCC Global N.V.	-	62.05	-	-
13Dec18	Codigo, LLC	Spectrio, LLC	-	-	-	-
15Nov18	Feefo Holdings Limited	Vespa Capital	32.93	-	-	-
7Nov18	CenterStone Technologies, Inc.	PlumRiver LLC	-	-	-	-
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# Consumer - Digital Marketing

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APPENDIX:  
Public Basket  
Constituents

# Public Basket

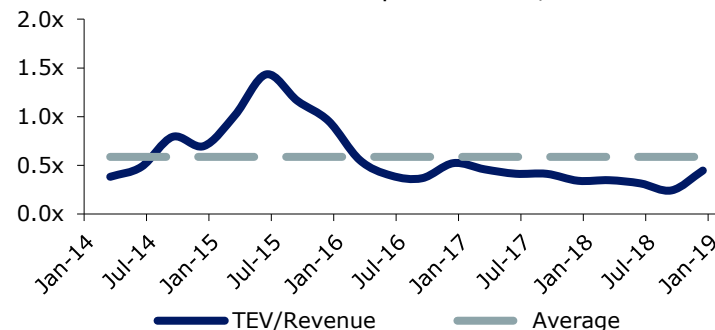


## Inuvo, Inc.

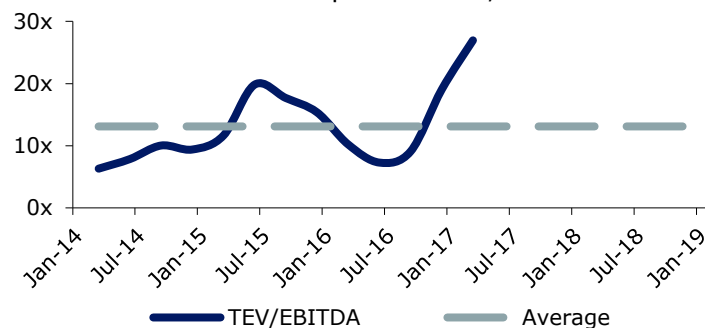
Inuvo, Inc., together with its subsidiaries, develops technology that connects advertisers with consumers through interactions with content across devices in the United States. The company's exchange is digital marketplace that allows advertisers and publishers the opportunity to buy and sell advertising space in real time. Its exchange includes various products and services, such as ValidClick, a software as a service and delivery platform for publishers that offers a pay-per-click solution where advertisements are targeted to consumers based on content and behaviors; digital publishing in branded Web properties in categories of health, finance, travel, entertainment, careers, education, lifestyle, and automotive; and Visual Monetization Platform, a supply side platform that offers publishers forms of monetization both visually and within or surrounding content. The company's marketing channels consists of Website, social media, blogs, public relations, trade shows, conferences, and other similar means. Inuvo, Inc. was incorporated in 1987 and is headquartered in Little Rock, Arkansas.

Date	Key Development Headline
11/4/18	ConversionPoint Technologies Inc. entered into a definitive agreement to acquire Inuvo, Inc. (AMEX:INUV) for \$28 million.

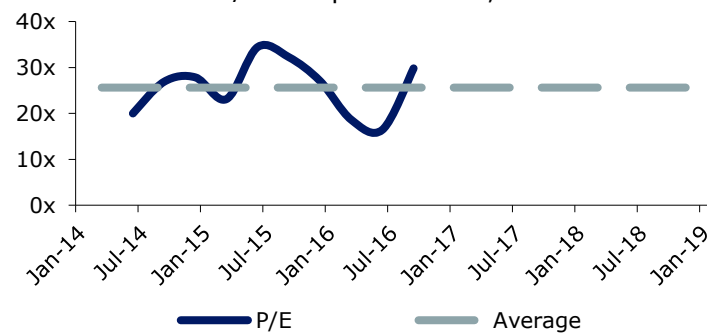
Revenue Multiples - Inuvo, Inc.



EBITDA Multiples - Inuvo, Inc.



P/E Multiples - Inuvo, Inc.

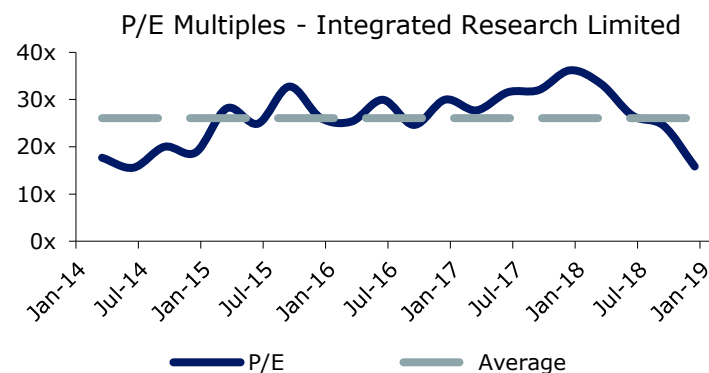
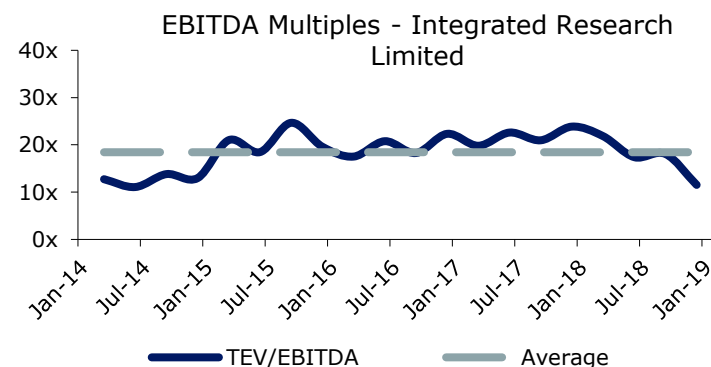
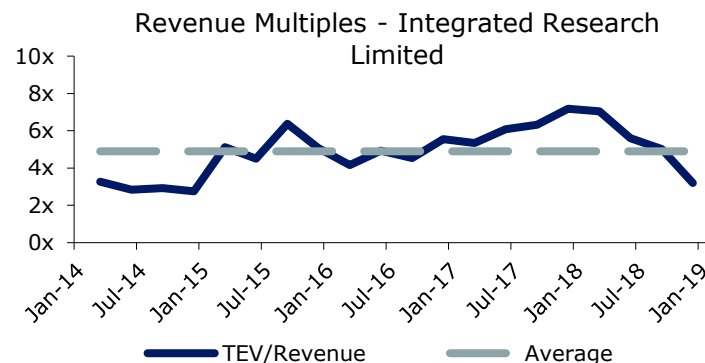


# Public Basket



## Integrated Research Limited

Integrated Research Limited designs, develops, implements, and sells systems and applications management computer software for business-critical computing, unified communication networks, and payment networks in the Americas, Europe, and the Asia Pacific. The company offers Prognosis, an integrated suite of monitoring and management software designed to give an organization's management and technical personnel operational insight into the HP NonStop platform, distributed system servers, unified communications, payment environments, and the business applications that run on these platforms. It also provides testing solutions; and consulting services, such as implementation, customization, and training. The company serves stock exchanges, banks, credit card companies, telecommunications companies, computer companies, service providers, and manufacturing companies through sales offices, as well as through a distribution network. Integrated Research Limited was founded in 1988 and is headquartered in North Sydney, Australia.





# Public Basket

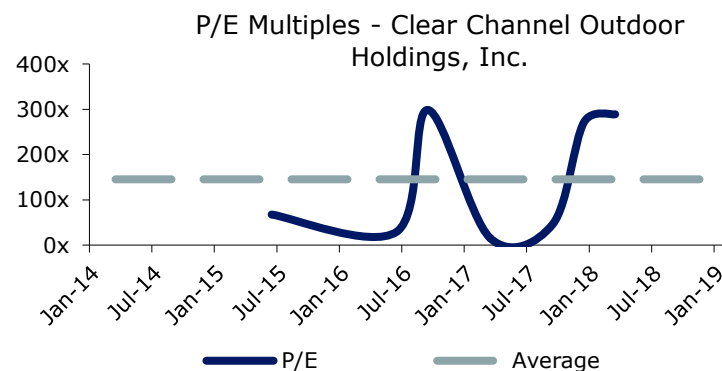
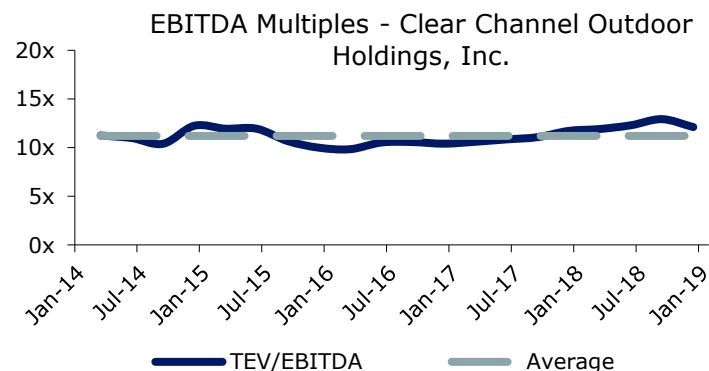
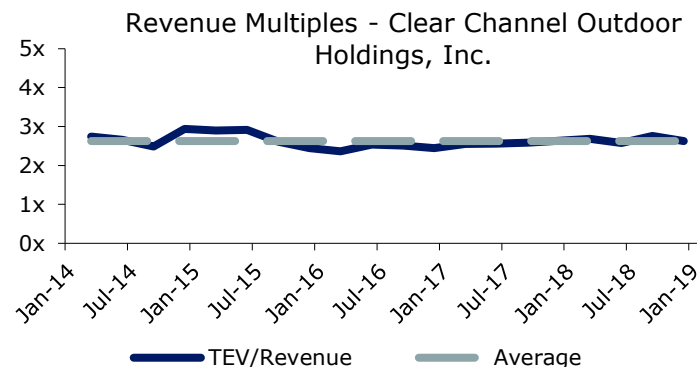


## Clear Channel Outdoor Holdings, Inc.

Clear Channel Outdoor Holdings, Inc., an outdoor advertising company, owns and operates advertising display faces in the United States and internationally. It operates in two segments, Americas Outdoor Advertising and International Outdoor Advertising. The company offers advertising services through billboards, including bulletins and posters; transit displays, which are advertising surfaces on various types of vehicles or within transit systems; street furniture displays, such as advertising surfaces on bus shelters, information kiosks, freestanding units, and other public structures; and other displays comprising spectacles and wallscapes, as well as retail and other small displays. It also provides street furniture equipment, cleaning and maintenance services, and production and creative services; and operates SmartBike bicycle rental program, which provides bicycles for rent to the general public in various municipalities. The company serves the business service, retail, healthcare and medical, media, restaurant, entertainment, telecommunications, Internet and e-commerce, and food and food product industries. Clear Channel Outdoor Holdings, Inc. is a subsidiary of iHeartCommunications, Inc.

### Date Key Development Headline

Date	Key Development Headline
2/13/18	Clear Channel Outdoor Holdings, Inc. (NYSE:CCO) acquired 50% stake in digital billboard portfolio of Catalyst Outdoor Advertising, LLC.



# Public Basket

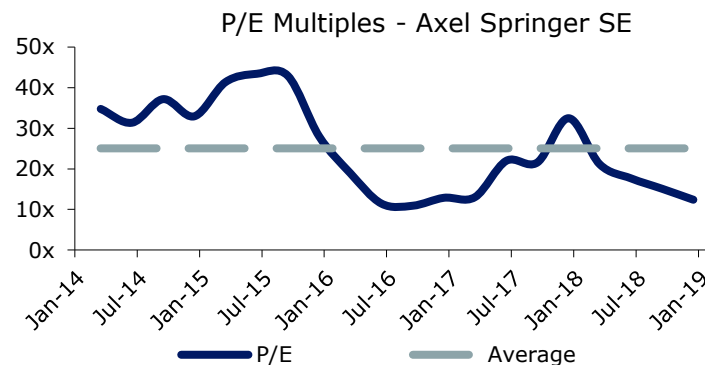
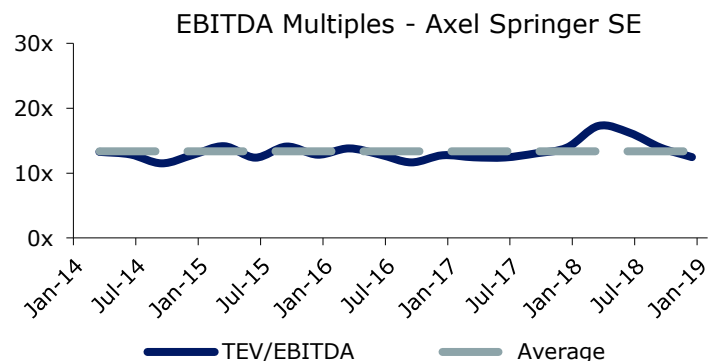
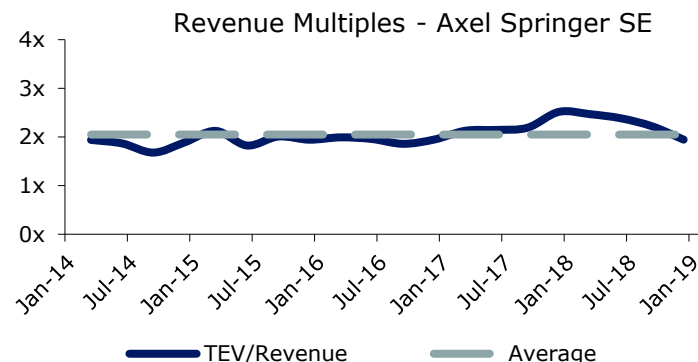


## Axel Springer SE

Axel Springer SE operates as a publishing company primarily in Europe and the United States. The company operates through three segments: Classifieds Media, News Media, and Marketing Media. The Classifieds Media segment operates a portfolio of online classified portals in the areas of real estate, jobs, cars, and general. This segment operates SeLogger, Immoweb, and Immowelt/Immonet real estate portals; Totaljobs, Jobsite, and Saongroup job portals; meinestadt.de, a regional portal; Traum-Ferienwohnungen and DanCenter holiday properties portal; and car and general classified ad portals, including LaCentrale and Yad2. The News Media segment offers newspapers primarily under the BILD am SONNTAG, B.Z., WELT AM SONNTAG, and DIE WELT names in Berlin and rest of Germany, as well as the FAKT name in Poland; automotive, computer, and sports magazines under the AUTO BILD, COMPUTER BILD, and SPORT BILD brand names; and a tabloid under the BLIKK name in Hungary. Axel Springer SE was founded in 1946 and is headquartered in Berlin, Germany.

### Date Key Development Headline

12/14/18	Axel Intends To Seek Acquisitions
7/27/18	Axel Springer Seeks Acquisitions
6/6/18	Axel Springer Seeks Acquisitions
4/26/18	Télévision Française 1 SA (ENXTPA:TFI) completed the acquisition of 78.07% stake in auFeminin.com (ENXTPA:FEM) from Axel Springer SE (DB:SPR) for approximately €290 million.
3/8/18	Axel Springer SE Seeks Acquisitions



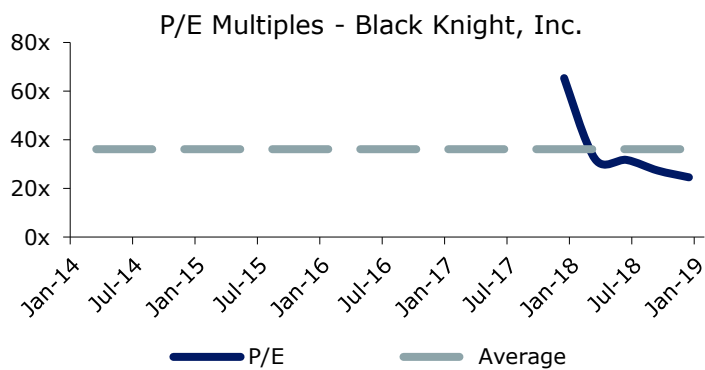
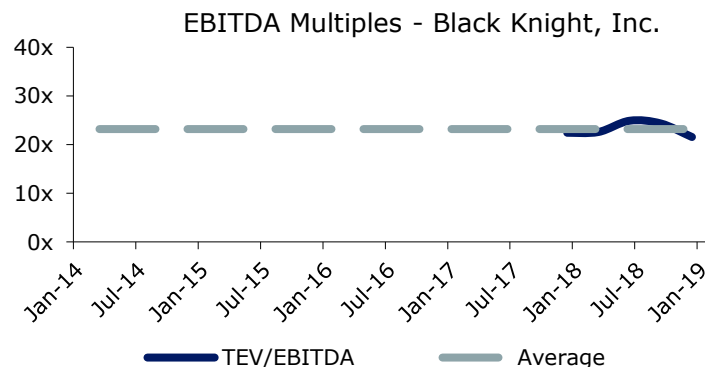
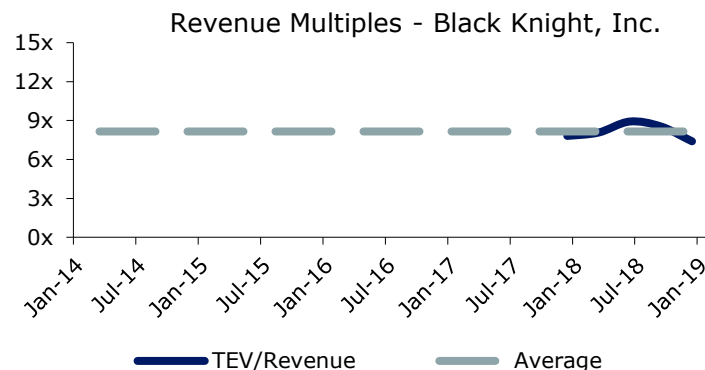
# Public Basket



## Black Knight, Inc.

Black Knight, Inc. provides software, data, and analytics solutions to the mortgage and consumer loan, real estate, and capital market verticals primarily in the United States. It operates through two segments, Software Solutions, and Data and Analytics. The Software Solutions segment offers software and hosting solutions, including LoanSphere mortgage servicing platform, a software as a service application that automates loan servicing to the secondary mortgage market and investor reporting; and LoanSphere Bankruptcy and LoanSphere Foreclosure solutions, which are Web-based workflow information systems for managing and automating a range of workflow processes involving non-performing loans. Black Knight, Inc. was founded in 2013 and is headquartered in Jacksonville, Florida.

Date	Key Development Headline
11/5/18	Black Knight, Inc. (NYSE:BKI) acquired Ernst Publishing Co., LLC.
8/7/18	Cannae Holdings Inc. (NYSE:CNNE) ( 'Cannae' ), CC Capital Management, LLC, funds affiliated with Thomas H. Lee Partners, LP, Qatar Investment Authority, Black Knight, Inc. (NYSE:BKI), Motive Capital Management, LLC and certain other investors (collectively "The Consortium" ) entered into a definitive agreement to acquire The Dun & Bradstreet Corporation (NYSE:DNB) for \$5.5 billion.
7/30/18	Black Knight Seeks Acquisitions
6/3/18	Black Knight, Inc. (NYSE:BKI) acquired HeavyWater Solutions, Inc. from Soofi Safavi.
2/7/18	Black Knight Mulls Acquisitions



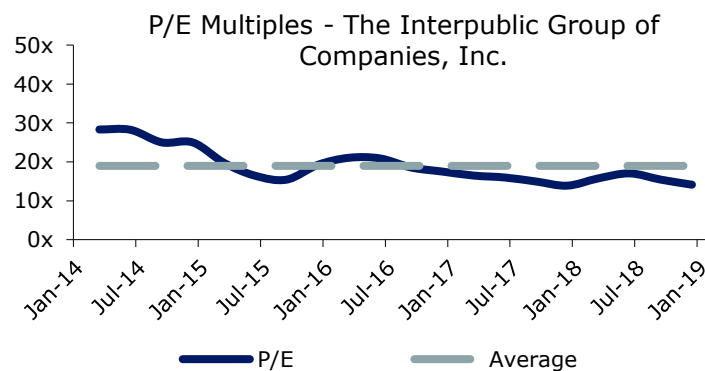
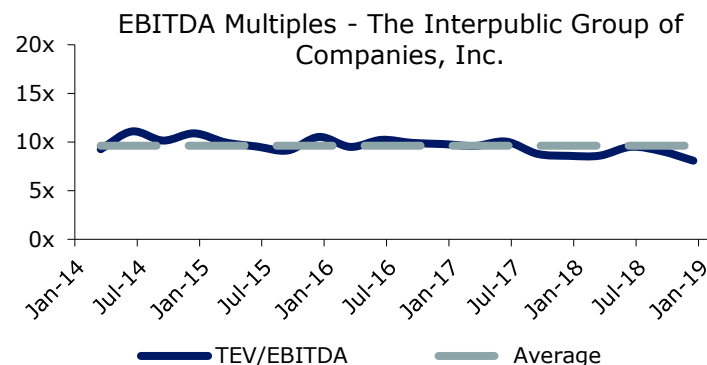
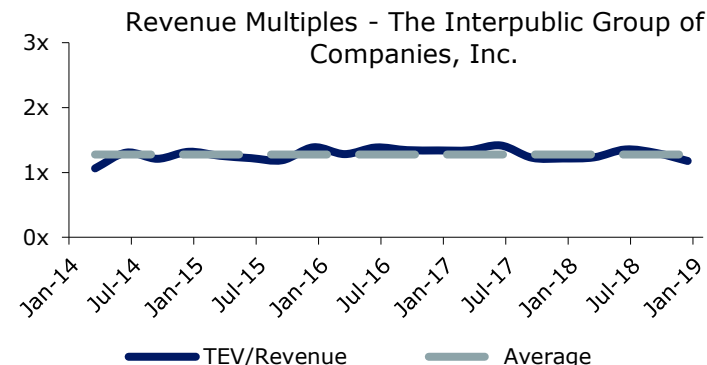
# Public Basket



## The Interpublic Group of Companies, Inc.

The Interpublic Group of Companies, Inc. provides advertising and marketing services worldwide. The company operates through two segments, Integrated Agency Networks and Constituency Management Group. It offers consumer advertising, digital marketing, communications planning and media buying, public relations, and specialized communications disciplines. The company also provides various diversified services, including public relations, meeting and event production, sports and entertainment marketing, corporate and brand identity, and strategic marketing consulting. The Interpublic Group of Companies, Inc. was founded in 1902 and is headquartered in New York, New York.

Date	Key Development Headline
9/30/18	The Interpublic Group of Companies, Inc. (NYSE:IPG) ( "IPG" ) completed the acquisition of membership interest in Acxiom Marketing Solutions business of Acxiom Corporation (NasdaqGS:ACXM).
9/18/18	Interpublic Group of Companies Seeks Acquisitions
7/3/18	Acxiom Corporation, The Interpublic Group of Companies, Inc. - M&A Call
7/2/18	Acxiom Corporation, The Interpublic Group of Companies, Inc. - M&A Call
7/1/18	The Interpublic Group of Companies, Inc. (NYSE:IPG) entered into a membership interest purchase agreement to acquire Acxiom Marketing Solutions business of Acxiom Corporation (NasdaqGS:ACXM) for \$2.3 billion.



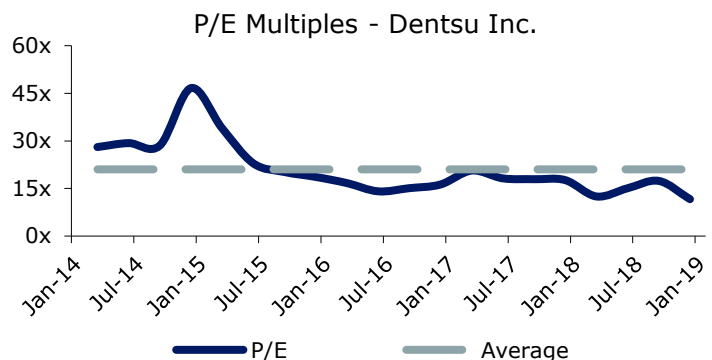
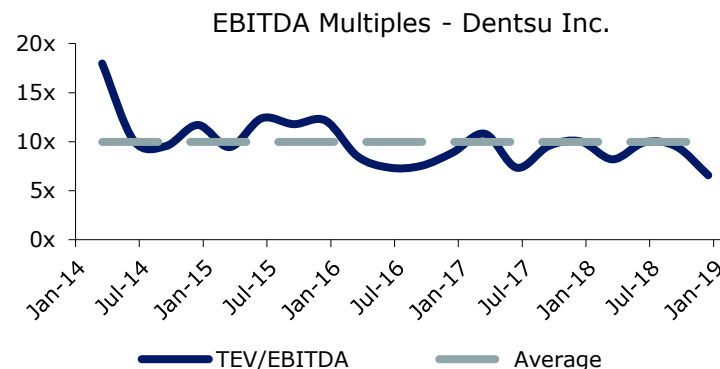
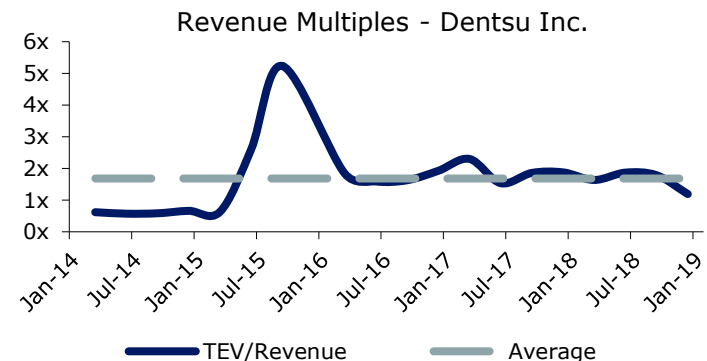
# Public Basket



## Dentsu Inc.

Dentsu Inc. provides advertising services in Japan and internationally. The company offers advertising through media, including newspapers, magazines, radio, television, Internet, sales promotion, movies, out-of-home, public transportation, and others; and event marketing, creative services, marketing, public relations, contents services, and other services to its clients. It also provides information services and information-related products, including information systems building and software sales and support; and other services, such as office rental, building maintenance, and computation fiduciary services. Dentsu Inc. was founded in 1901 and is headquartered in Tokyo, Japan.

Date	Key Development Headline
1/16/19	DOCOMO and Dentsu Establish New Digital OOH Advertising Company LIVE BOARD
12/10/18	Dentsu Inc. (TSE:4324) completed the acquisition of 19.4% stake in Septeni Holdings Co., Ltd. (JASDAQ:4293) from shareholders.
11/7/18	ONE Championship and Dentsu Inc. Agree to Launch One eSports as Joint Venture Together in 2019
10/29/18	Dentsu Inc. (TSE:4324) made a tender offer to acquire 19.4% stake in Septeni Holdings Co., Ltd. (JASDAQ:4293) from shareholders for ¥7 billion.
8/1/18	KDDI Corporation (TSE:9433) signed a contract to acquire 16.63% stake in Kakaku.com, Inc. (TSE:2371) from Dentsu Inc. (TSE:4324) for approximately ¥79.3 billion.



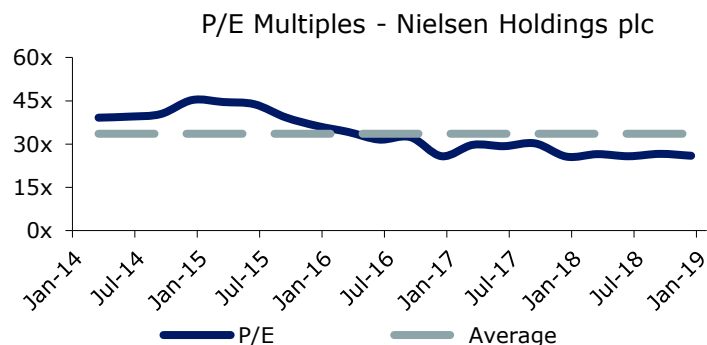
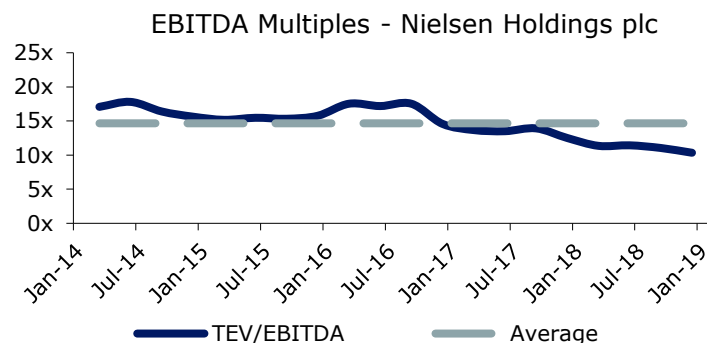
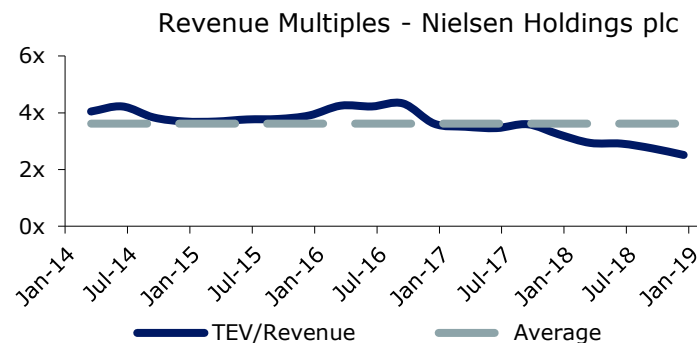
# Public Basket



## Nielsen Holdings plc

Nielsen Holdings plc, together with its subsidiaries, operates as an information and measurement company. It operates through Buy and Watch segments. The Buy segment provides retail transactional measurement data, consumer behavior information, and analytics primarily to businesses in the consumer packaged goods industry. This segment provides data on retail measurement services, such as market share and competitive sales volumes; insights into distribution, pricing, merchandising, and promotion; consumer panel measurement, which offers insight into shopper behavior and customer segmentation; and consumer intelligence and analytical services for decision making in product development and marketing cycles. The company was founded in 1923 and is headquartered in New York, New York.

Date	Key Development Headline
11/27/18	Corsair Capital LLC agreed to acquire unknown majority stake in Zedra Group from Nielsen Holdings plc (NYSE:NLSN) and Sarikhani families.
11/13/18	Microsoft and Nielsen Announce Strategic Alliance
9/4/18	Nielsen Holdings plc (NYSE:NLSN) acquired SuperData Research Holdings, Inc.
6/13/18	Nielsen Holdings plc (NYSE:NLSN) acquired Landsberry & James Marketing Pty Ltd.
5/14/18	CBS Corporation and Nielsen Holdings plc to Advance Dynamic Ad Insertion in Live Broadcasts



# Public Basket

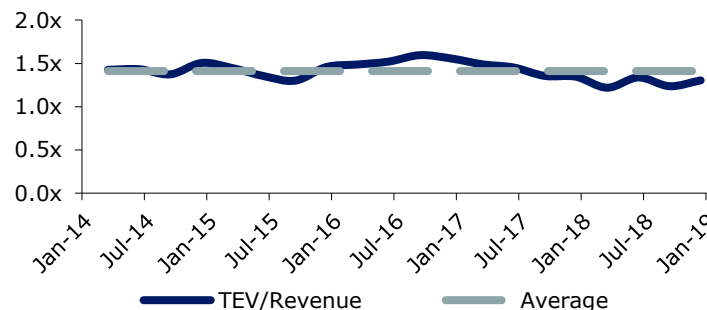


## Omnicom Group Inc.

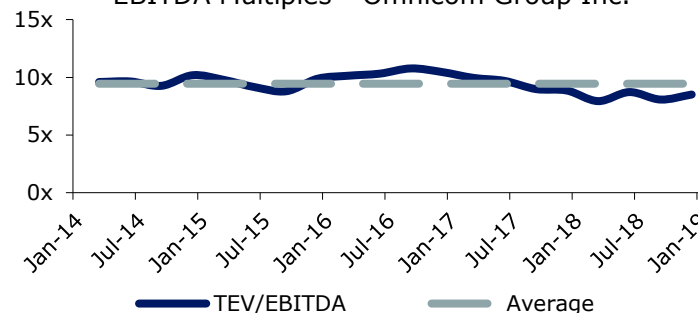
Omnicom Group Inc., together with its subsidiaries, provides advertising, marketing, and corporate communications services. The company offers a range of services in the areas of advertising, customer relationship management, public relations, and healthcare. Its services comprises advertising, branding, content marketing, corporate social responsibility consulting, crisis communication, custom publishing, data analytics, database management, digital/direct marketing, digital transformation, financial/corporate business-to-business advertising, graphic arts/digital imaging, healthcare marketing and communications, and instore design services. It operates in North America, Latin America, Europe, the Middle East, Africa, Australia, China, India, Japan, Korea, New Zealand, Singapore, and other Asian countries. Omnicom Group Inc. was founded in 1944 and is based in New York, New York.

Date	Key Development Headline
8/31/18	Webhelp SAS completed the acquisition of SELBYTEL Group GmbH from Omnicom Group Inc. (NYSE:OMC).
7/17/18	Omnicom Group Seeks Acquisitions
6/18/18	Webhelp SAS signed an agreement to acquire SELBYTEL Group GmbH from Omnicom Group Inc. (NYSE:OMC).
2/15/18	Omnicom Seeks Acquisitions

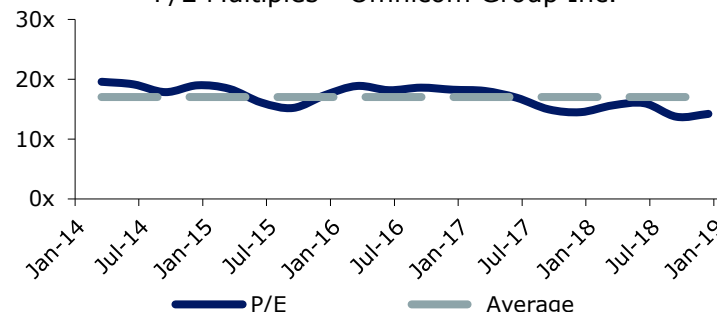
Revenue Multiples - Omnicom Group Inc.



EBITDA Multiples - Omnicom Group Inc.



P/E Multiples - Omnicom Group Inc.



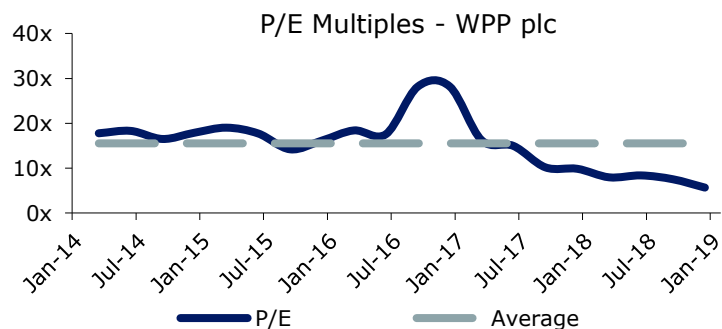
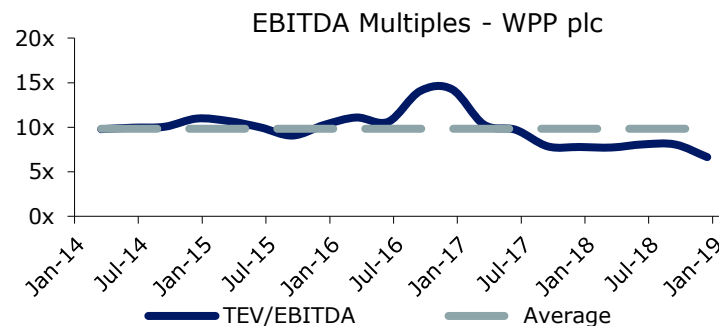
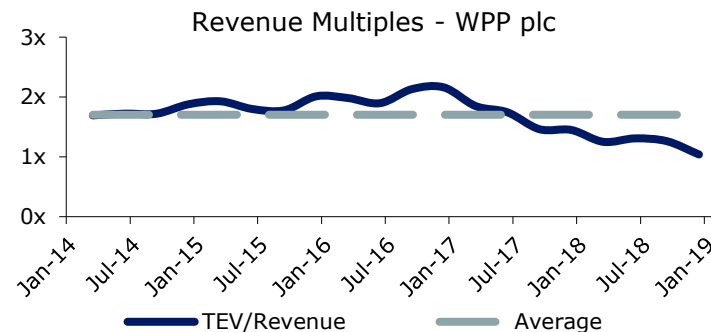
# Public Basket



## WPP plc

WPP plc provides various communications services worldwide. The company operates through four segments: Advertising and Media Investment Management; Data Investment Management; Public Relations & Public Affairs; and Branding Consulting, Health & Wellness and Specialist Communications. The Advertising and Media Investment Management segment provides advertising services; and media planning and buying, and specialist sponsorship, and branded entertainment services. The Data Investment Management segment offers brand, consumer, media, and marketplace insight services. The Public Relations & Public Affairs segment provides corporate, consumer, financial, and brand-building services. WPP plc was founded in 1985 and is based in London, the United Kingdom.

Date	Key Development Headline
10/25/18	WPP Says Open To Stake Sale In Kantar
6/25/18	WPP May Sell Minority Stakes In Some Of Its Businesses
5/2/18	Dentsu Inc. (TSE:4324) completed the acquisition of 49% stake respectively of Dentsu Young & Rubicam Inc. and Wunderman Dentsu Inc. from WPP plc (LSE:WPP).
4/30/18	Dentsu Inc. (TSE:4324) agreed to acquire 49% stake respectively of Dentsu Young & Rubicam Inc. and Wunderman Dentsu Inc. from WPP plc (LSE:WPP).
4/30/18	WPP plc (LSE:WPP) entered into an agreement to acquire 51% stake in Dentsu Sudler & Hennessey Inc. from Dentsu Inc. (TSE:4324).





# CONTACT INFO

7MA provides Investment Banking & Advisory Services to the Business Services and Technology Industries globally. We advise on M&A and private capital transactions and provide market assessments and benchmarking. As a close-knit team with a long history together and a laser focus on our target markets, we help our clients sell their companies, raise capital, grow through acquisitions, and evaluate new markets. Securities offered through 7M Securities LLC.

Leroy Davis, Partner	704.899.5962	leroy@7mileadvisors.com
Tripp Davis, Partner	704.899.5762	tripp@7mileadvisors.com
Andy Johnston, Partner	704.899.5961	andy@7mileadvisors.com
Ben Lunka, Managing Director	704.496.2995	ben@7mileadvisors.com
Jeff Stoecklein, Managing Director	312.796.9330	jeff@7mileadvisors.com
Mark Landry, Managing Director	561-972-0609	mark@7mileadvisors.com
Kristina Sergueeva, Director	704.899.5149	kristina@7mileadvisors.com
Neil Churman, Director	281.742.9340	neil@7mileadvisors.com
John Cooper, Director	704.973.3996	john@7mileadvisors.com
Tim Frye, Director	704.973.3994	tim@7mileadvisors.com
Nicholas Prendergast, Financial Analyst	704.973.3995	nicholas@7mileadvisors.com
Ariail Siggins, Marketing Director	704.981.2908	ariail@7mileadvisors.com
Sydney Larese, Associate	704.973.3998	sydney@7mileadvisors.com
Marty Johnson, Associate	704.973.3999	marty@7mileadvisors.com
Rory Julyan, Associate	704.981.2520	rory@7mileadvisors.com
Garth Martin, Associate	704.973.3997	garth.martin@7mileadvisors.com
Dennis Fox, Associate	704.706.9168 x 119	dennis@7mileadvisors.com