



Sectorwatch: Consumer - Digital Marketing

May 2019

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Overview

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.



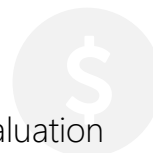
Public Basket Performance

- 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

↓ -0.8%

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

Current revenue growth rate is less than the average of the last 3 years, indicating that the market may be flattening or declining

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

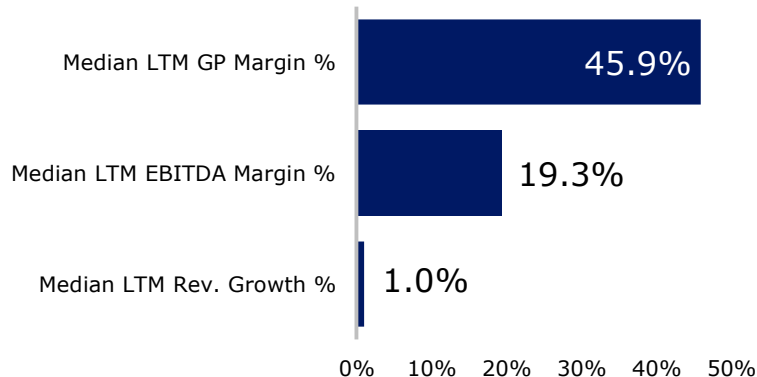
Profitability Momentum

↑ 0.3%

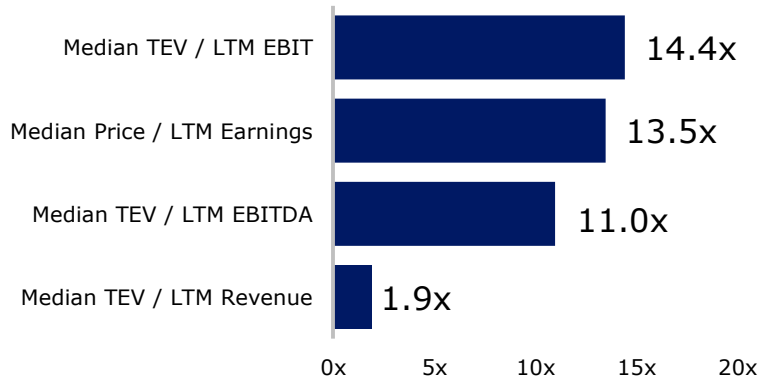
1 - year EBITDA % compared to EBITDA % average for last 3 years

Current EBITDA margin exceeds the average of the last 3 years EBITDA margin by this amount, a condition that may attract new entrants

Operating Metrics



Valuation



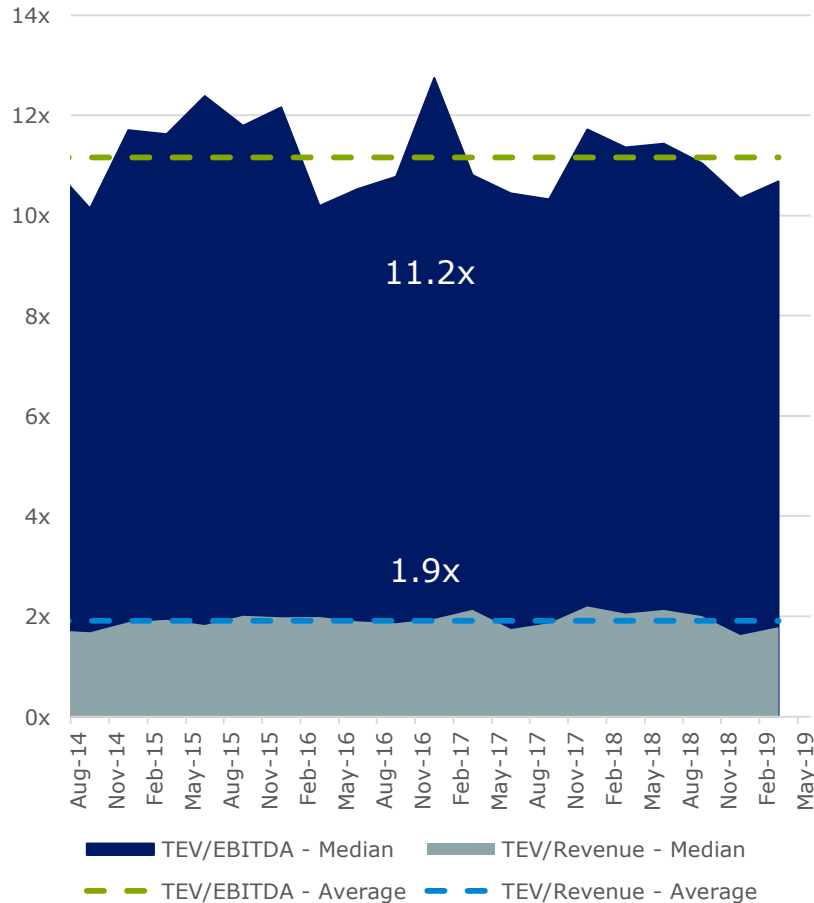
Public Basket



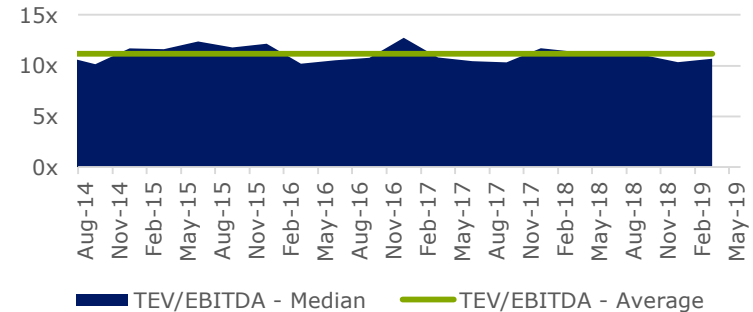
Company	TEV \$m	LTM Rev \$m	Rev Growth YoY	GP %	EBITDA %	TEV / Rev X	TEV / EBITDA X	# FTEs	Rev / FTE \$k
Inuvo, Inc.	37	73	-8%	59%	-4%	0.5	0.0	60	1,222
Integrated Research Limited	282	68	2%	100%	27%	4.2	15.6	260	260
Axel Springer SE	7,558	3,526	0%	46%	22%	2.1	11.5	16,350	216
Clear Channel Outdoor Holdings, Inc.	8,908	2,710	3%	46%	22%	3.3	15.0	5,800	467
Black Knight, Inc.	9,676	1,127	6%	45%	32%	8.6	26.8	4,700	240
Dentsu Inc.	12,967	9,283	10%	92%	17%	1.4	8.2	62,608	148
The Interpublic Group of Companies, Inc.	13,644	8,262	9%	22%	16%	1.7	10.4	54,000	153
Nielsen Holdings plc	17,333	6,468	-3%	57%	22%	2.7	12.0	46,000	141
WPP plc	21,122	19,886	-1%	19%	12%	1.0	8.7	134,281	148
Omnicom Group Inc.	21,722	15,130	-1%	18%	15%	1.4	9.2	70,400	215
Average	11,325	6,653	2%	50%	18%	2.7	11.7	39,446	321
Median	11,322	4,997	1%	46%	19%	1.9	11.0	31,175	215

share price as of 14May19

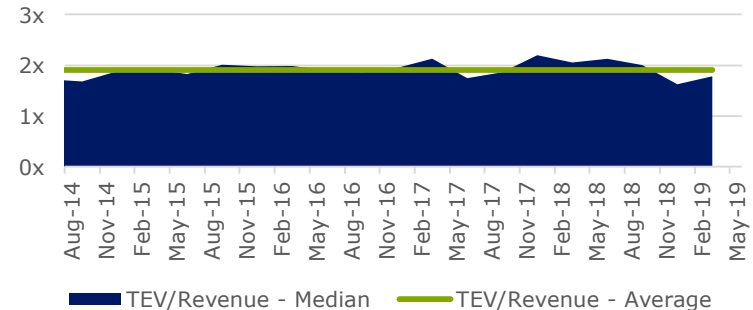
Public Basket Valuation Trends



Public EBITDA Multiples over Time



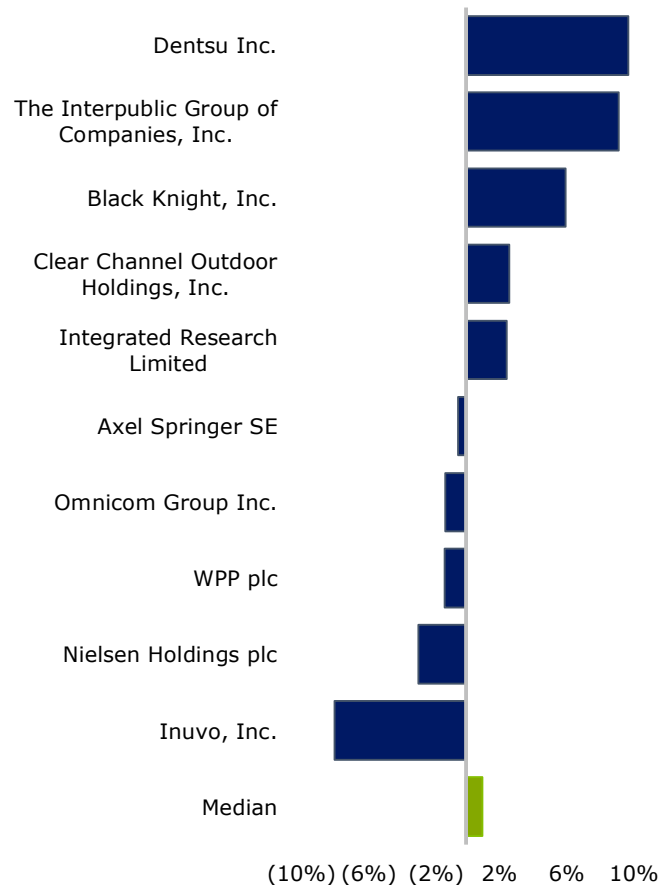
Public Revenue Multiples over Time



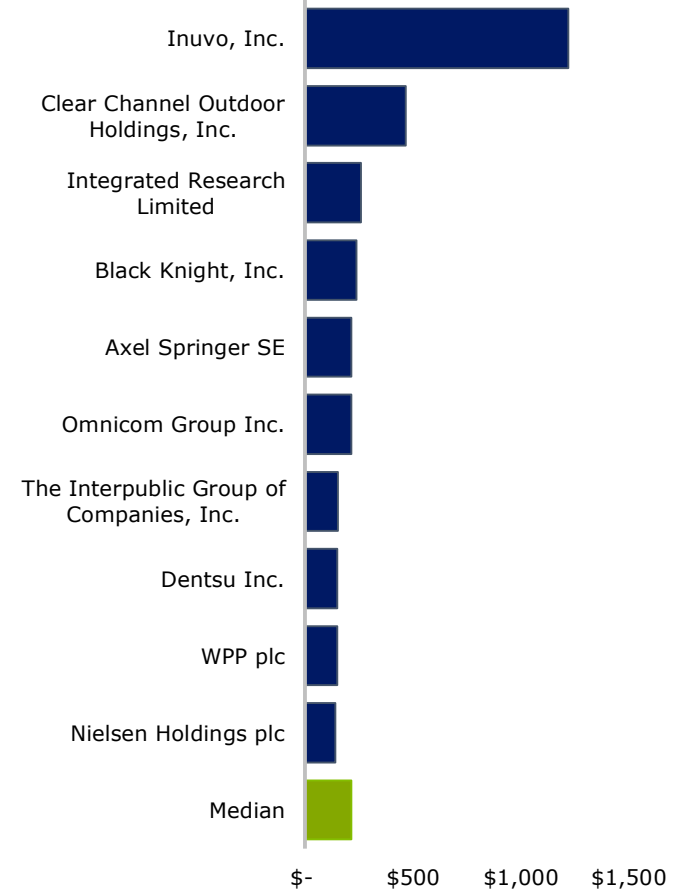
Operational Metrics



LTM Revenue Growth %



LTM Revenue per Full Time Employee x 000's



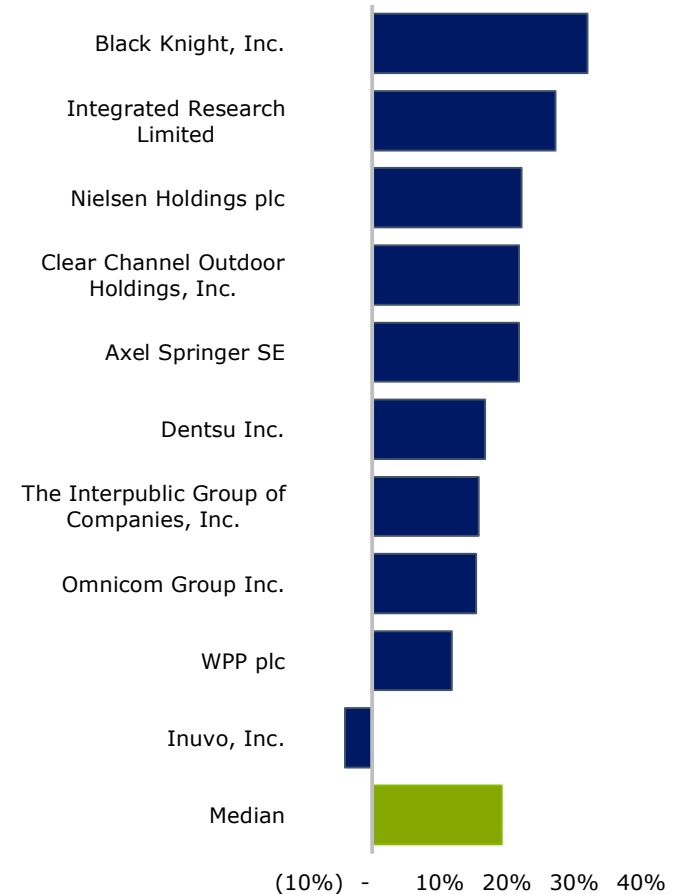
Operational Metrics



LTM Gross Profit Margin %



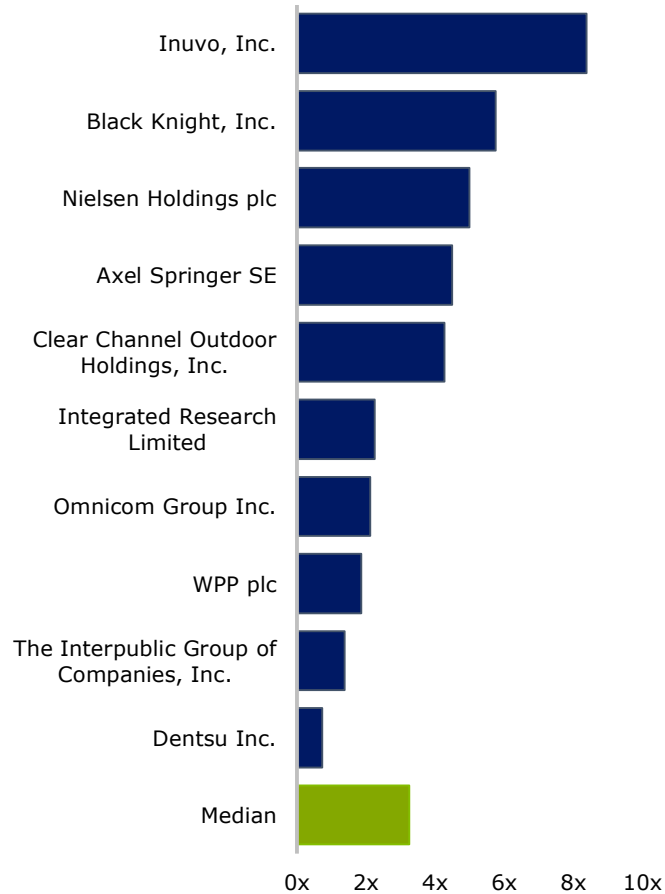
LTM EBITDA %



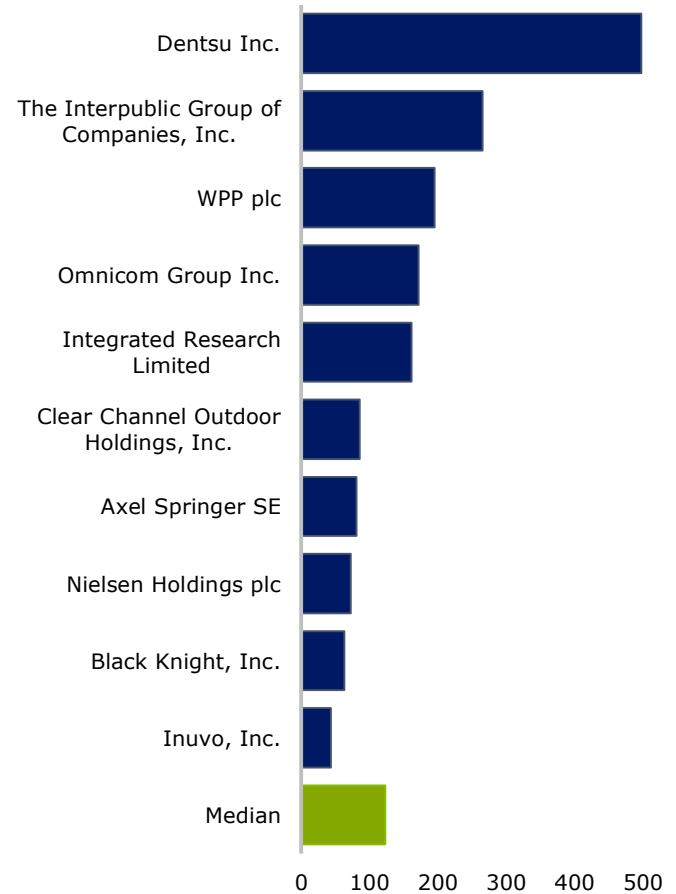
Operational Metrics



Accounts Receivable Turnover



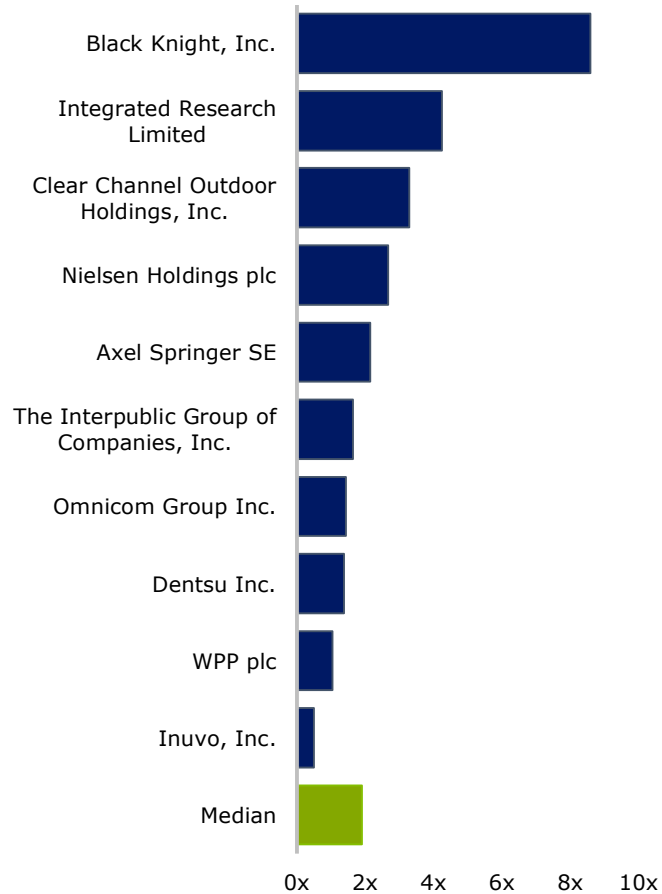
Average Days Sales Outstanding



Valuation



TEV / LTM Revenue



TEV / LTM EBITDA



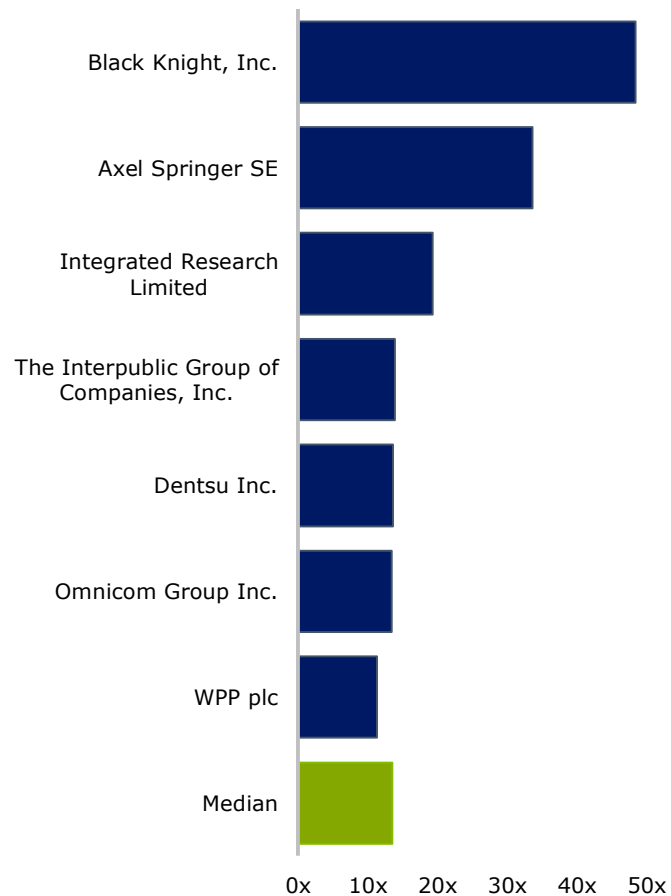
Valuation



TEV / LTM EBIT



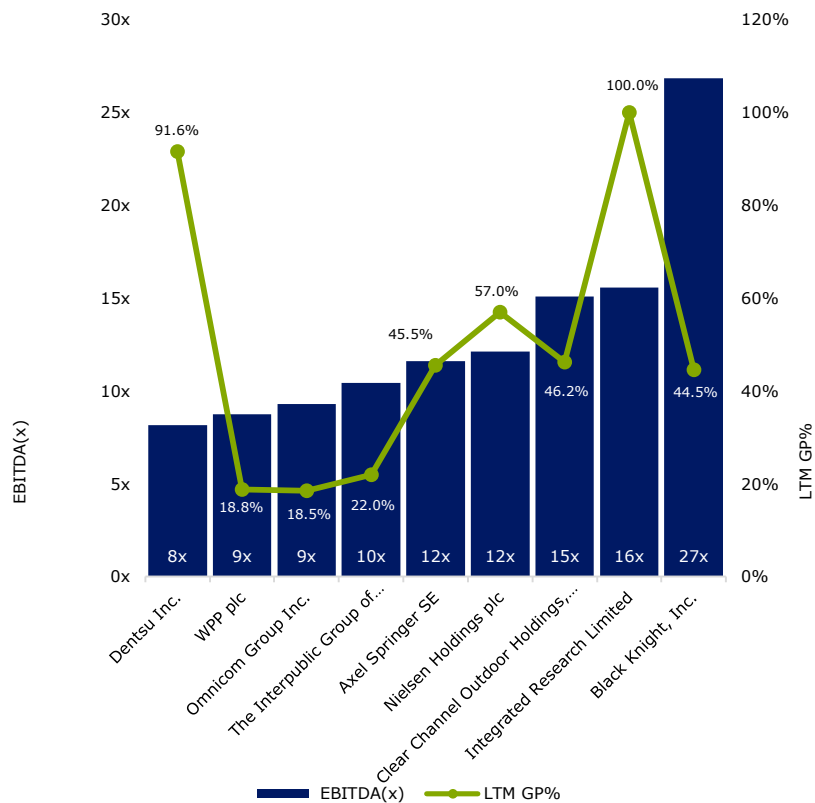
Price / LTM Earnings



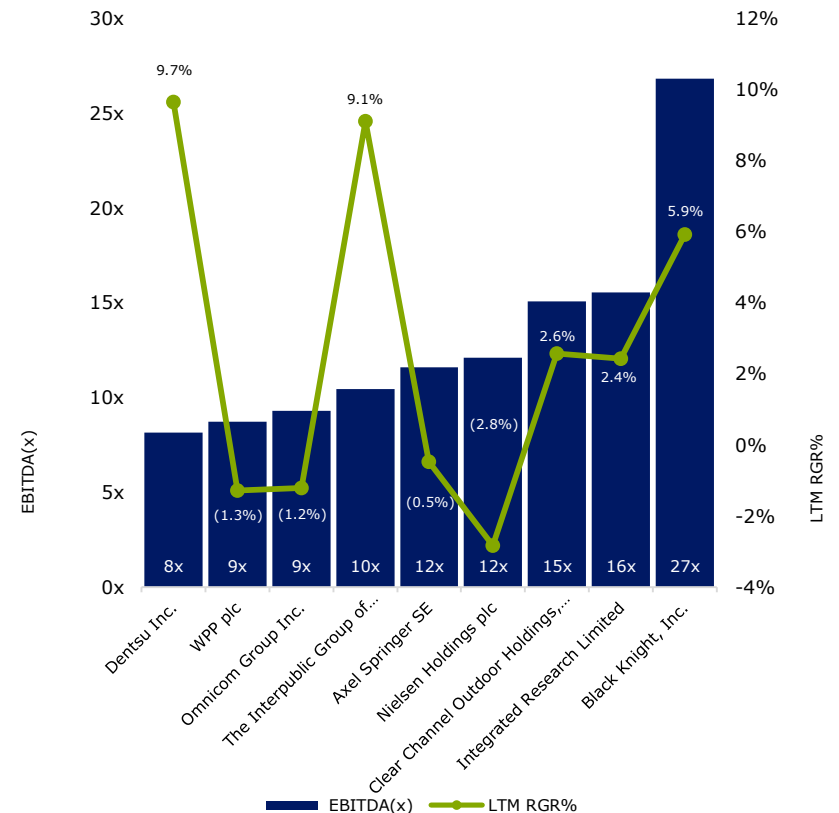
Valuation



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
8May19	Mautic, Inc.	Acquia Inc.	-	-	-	-
2Apr19	Latitude Digital Marketing Limited	Jellyfish Group Limited	-	-	-	-
25Mar19	Dynamic Yield Ltd.	McDonald's Corporation	300.00	-	-	-
15Mar19	Storm Digital B.V.	Accenture plc	-	-	-	-
1Mar19	Springbox, Ltd. (nka:Springbox, a Prophet company)	Prophet, Inc.	-	-	-	-
4Mar19	?What If! Holdings Limited	Accenture plc	-	-	-	-
21Feb19	Happy Marketer Private Ltd.	Dentsu Aegis Network Ltd.	-	4.85	-	-
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.	40.10	-	-	-
2Jul18	Acxiom LLC	The Interpublic Group of Companies, Inc.	2,300.00	-	-	-
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	-	-	-
9Apr18	Invertex Ltd	NIKE, Inc.	-	-	-	-
4Apr18	Kepler Group LLC	kyu	-	-	-	-
22Mar18	Zodiac Inc.	NIKE, Inc.	-	-	-	-
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	-	-	-	-

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APPENDIX: Public Basket Constituents

Public Basket

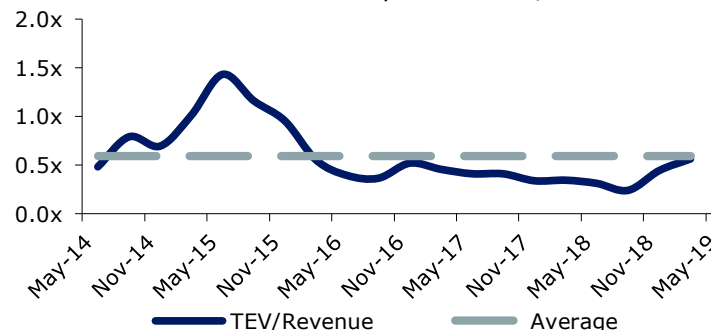


Inuvo, Inc.

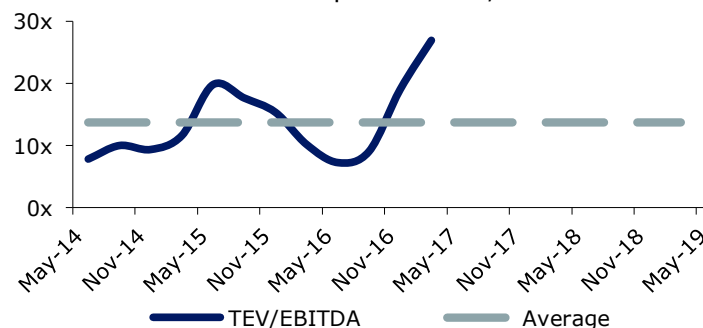
Inuvo, Inc., together with its subsidiaries, develops technology that connects advertisers with consumers through interactions with content across devices in the United States. The company's exchange is digital marketplace that allows advertisers and publishers the opportunity to buy and sell advertising 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.

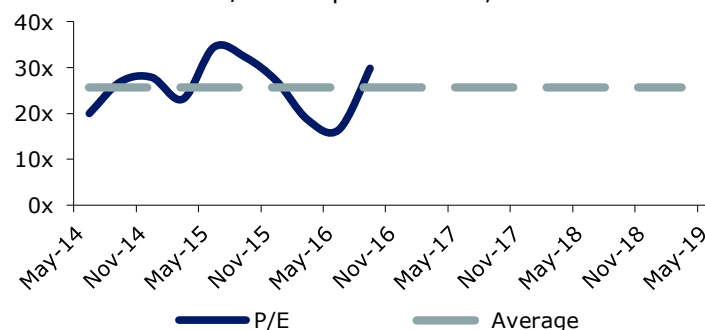
Revenue Multiples - Inuvo, Inc.



EBITDA Multiples - Inuvo, Inc.



P/E Multiples - Inuvo, Inc.

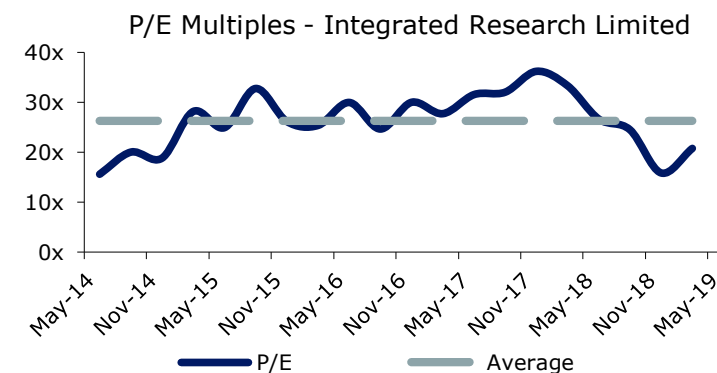
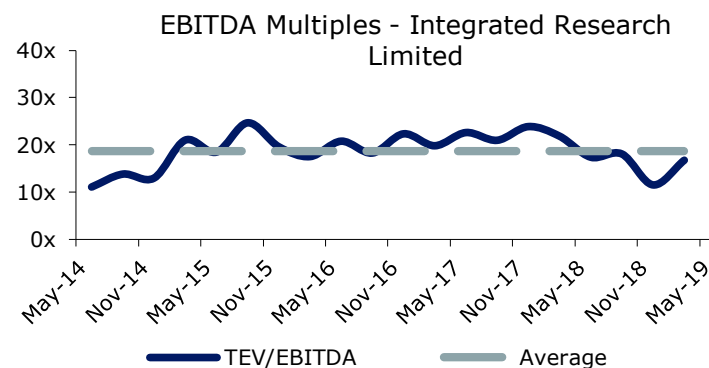
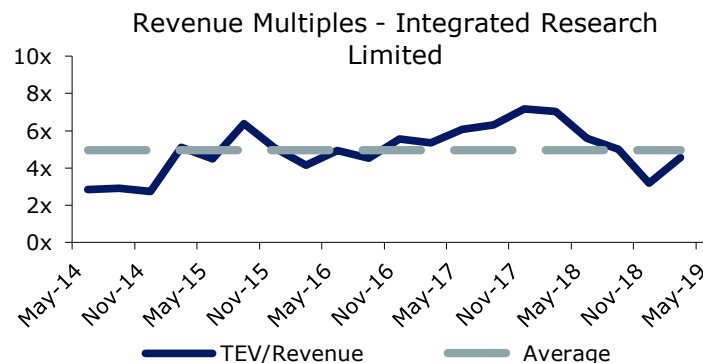


Public Basket



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.



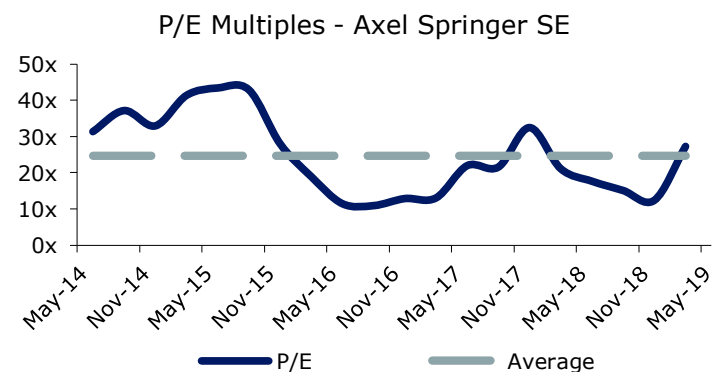
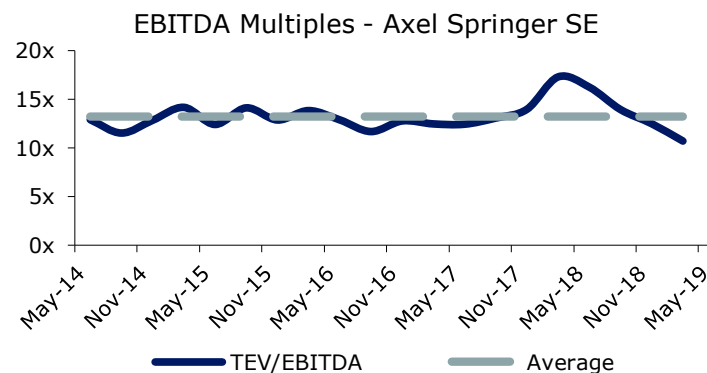
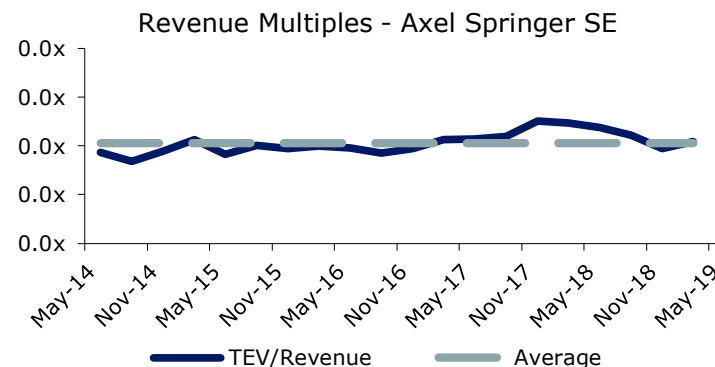
Public Basket



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. Axel Springer SE was founded in 1946 and is headquartered in Berlin, Germany.

Date	Key Development Headline
4/30/19	Oravel Stays Private Ltd agreed to acquire the remaining 51% stake in @Leisure Holding B.V. from Axel Springer SE (DB:SPR) approximately €180 million.
3/5/19	Axel Springer SE (DB:SPR) acquired CeleraOne GmbH from Ing. Falk-Florian Henrich, Moritz Hilger and Tim Eggert.
1/21/19	DEAG Deutsche Entertainment Aktiengesellschaft (XTRA:ERMK) acquired the remaining 24.9% stake in mytic myticket AG from Axel Springer SE (DB:SPR).
12/14/18	Axel Intends To Seek Acquisitions
7/27/18	Axel Springer Seeks Acquisitions



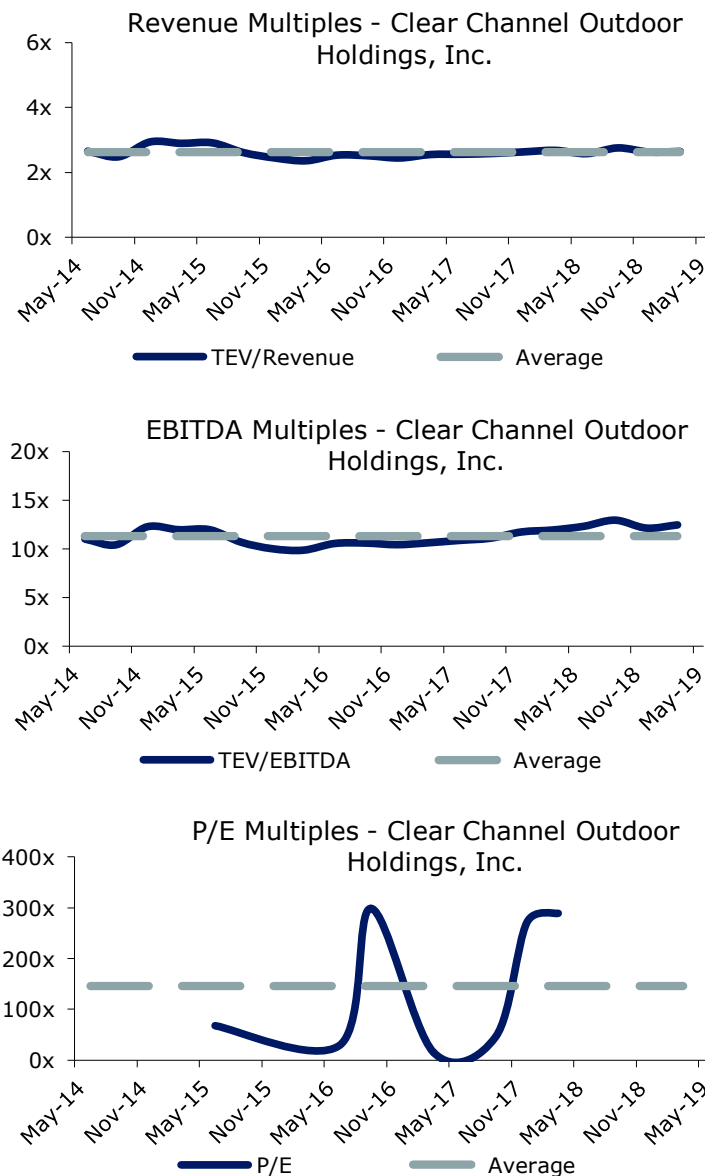
Public Basket



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 wallsapes, 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
4/25/19	Clear Channel Outdoor Holdings Intends To Seek Acquisitions



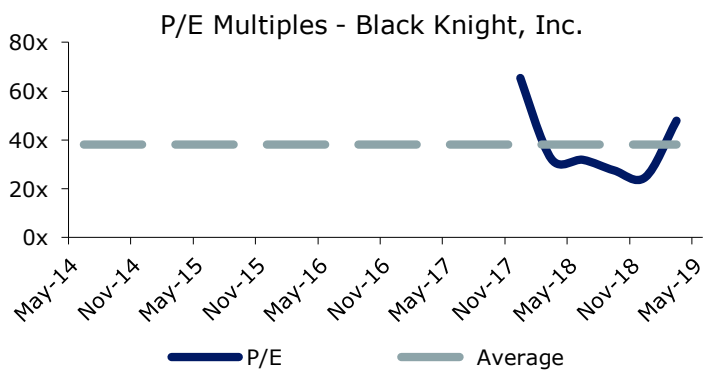
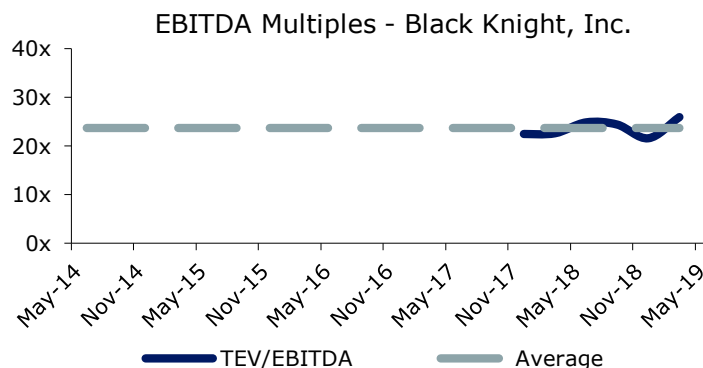
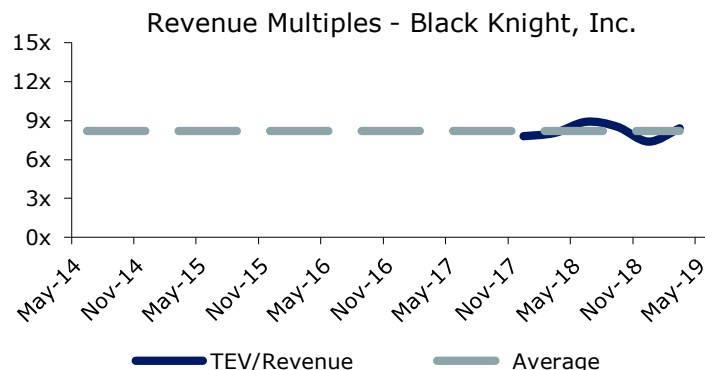
Public Basket



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
5/1/19	Black Knight To Seek Acquisitions
2/13/19	Black Knight To Seek Acquisitions
2/7/19	Cannae Holdings Inc. (NYSE:CNNE), 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 completed the acquisition of The Dun & Bradstreet Corporation (NYSE:DNB).
11/5/18	Black Knight, Inc. (NYSE:BKI) acquired Ernst Publishing Co., LLC.



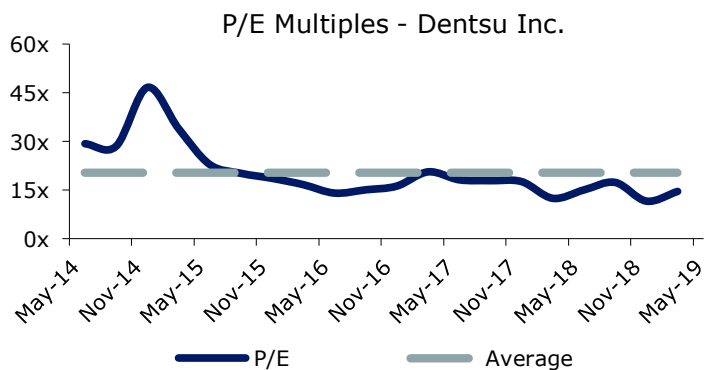
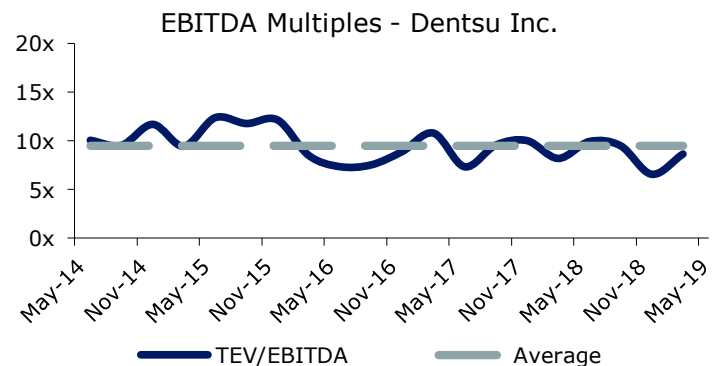
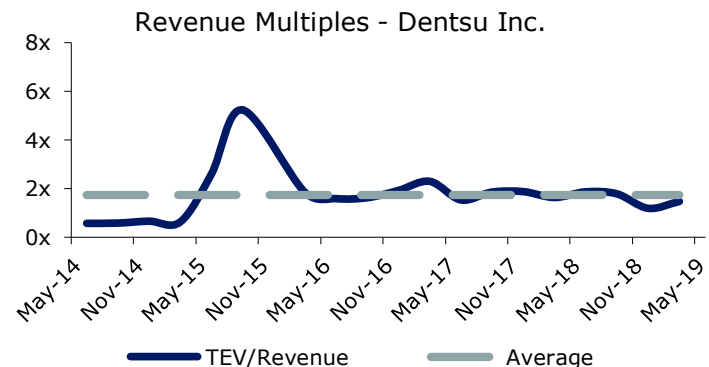
Public Basket



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
4/11/19	Dentsu Inc. (TSE:4324) acquired CSM Sport and Entertainment New Zealand Limited.
3/12/19	Dentsu Inc. (TSE:4324) cancelled the acquisition of 7% stake in W TOKYO, Inc.
2/14/19	Dentsu Intends To Seek Acquisitions
2/12/19	KeyHolder, Inc. (JASDAQ:4712) concluded the share exchange contract to acquire Allfuz Inc. from Dentsu Inc. (TSE:4324), Avex Digital Inc., Watanabe Entertainment Co., Ltd., Universal Music LLC, Production Ogi Co., Ltd. and Yoshihiro Akatsuka for ¥1.9 billion.
1/16/19	DOCOMO and Dentsu Establish New Digital OOH Advertising Company LIVE BOARD



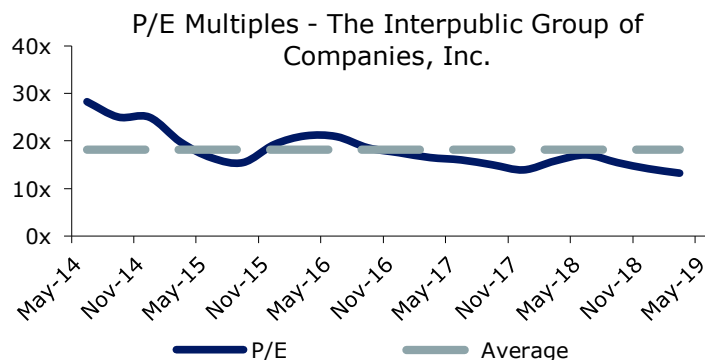
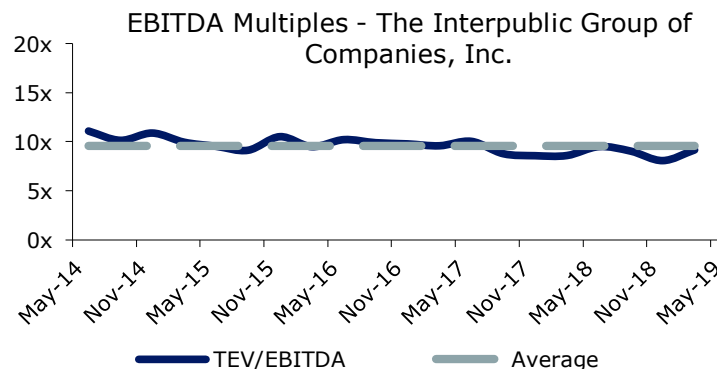
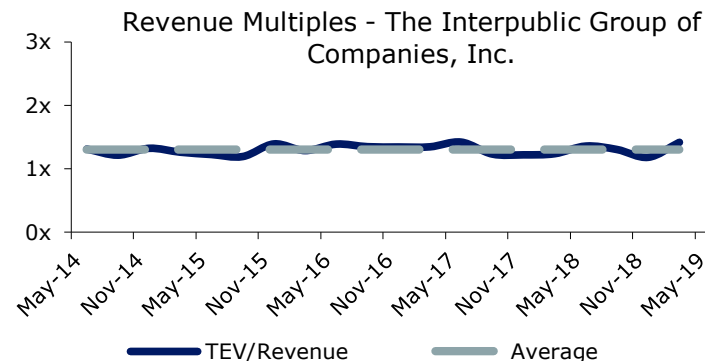
Public Basket



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

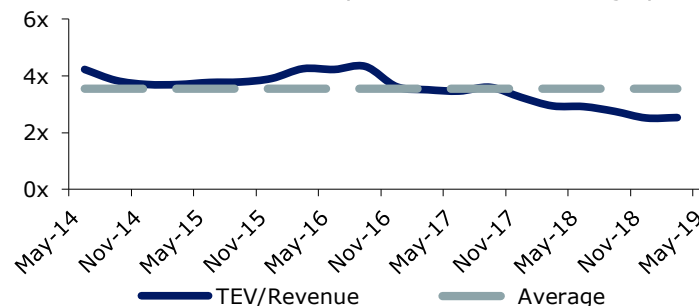


Nielsen Holdings plc

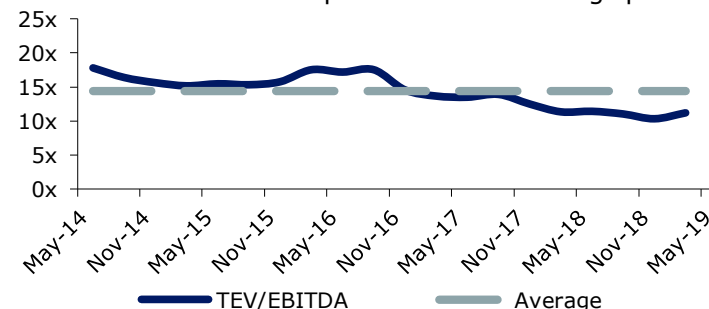
Nielsen Holdings plc, together with its subsidiaries, operates as an information and measurement company. It operates through Buy and Watch segments. The Buy segment provides retail transactional measurement data, consumer behavior information, and analytics primarily to businesses in the consumer packaged 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
3/28/19	Nielsen Signs a Strategic Cooperation and Data Sharing Agreement with JD.com, Inc
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.

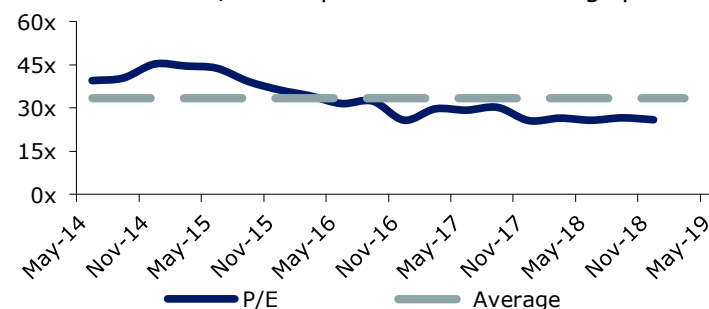
Revenue Multiples - Nielsen Holdings plc



EBITDA Multiples - Nielsen Holdings plc



P/E Multiples - Nielsen Holdings plc



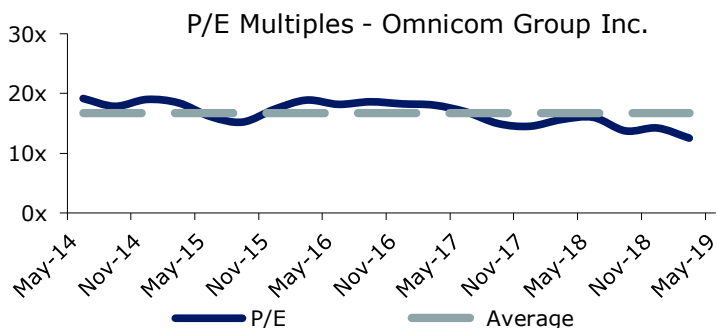
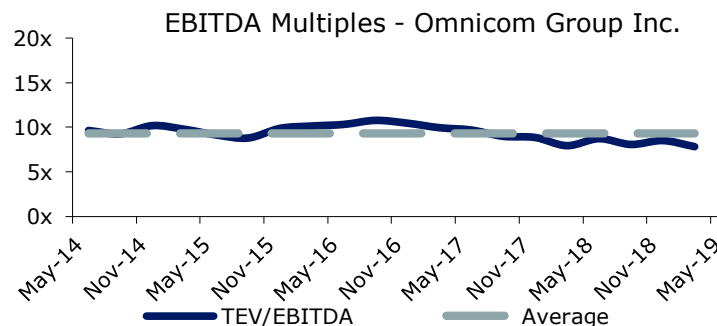
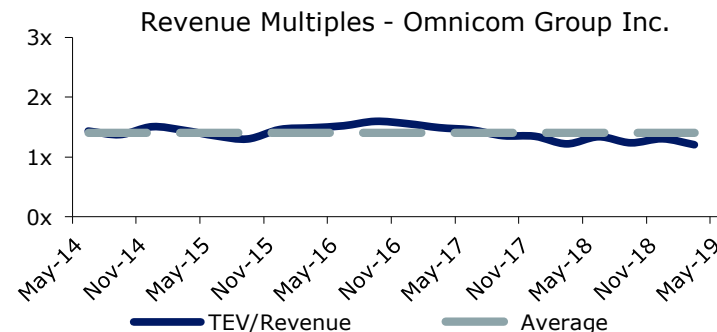
Public Basket



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
1/29/19	Richard Attias agreed to acquire 49% stake in Richard Attias & Associates Llc from WPP plc (LSE:WPP)
10/25/18	WPP Says Open To Stake Sale In Kantar
8/23/18	STW Media Services Pty Limited acquired 100% stake in Lightspeed Pty Limited from WPP plc (LSE:WPP) for AUD 5 million.
6/25/18	WPP May Sell Minority Stakes In Some Of Its Businesses



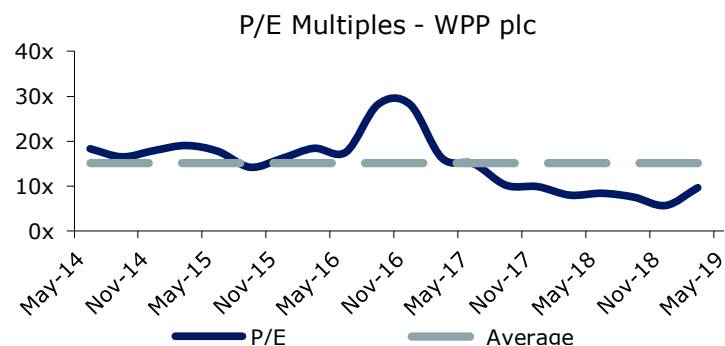
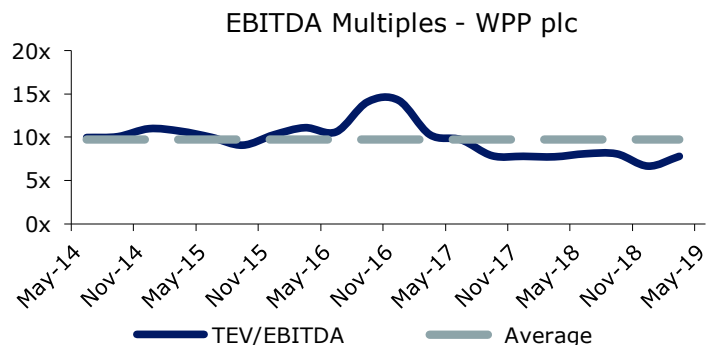
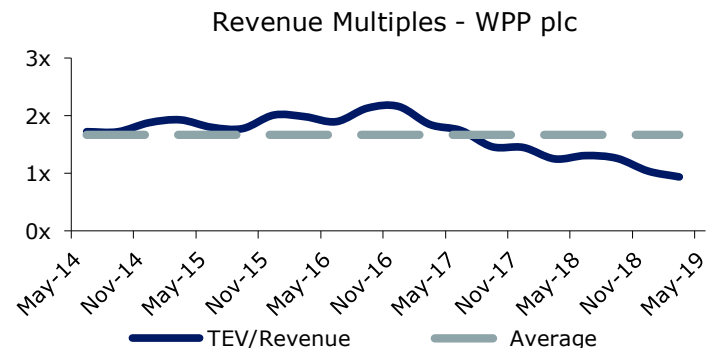
Public Basket



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
2/12/19	Omnicom Group Seeks Acquisitions
9/12/18	Gryt Health and Omnicom Group Announce Strategic Partnership to Increase Collaboration and Innovation Between the Cancer Community and Industry
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).



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.

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