

7 Mile Advisors



# Sectorwatch: Digital Agency

October 2020



# Digital Agency

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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

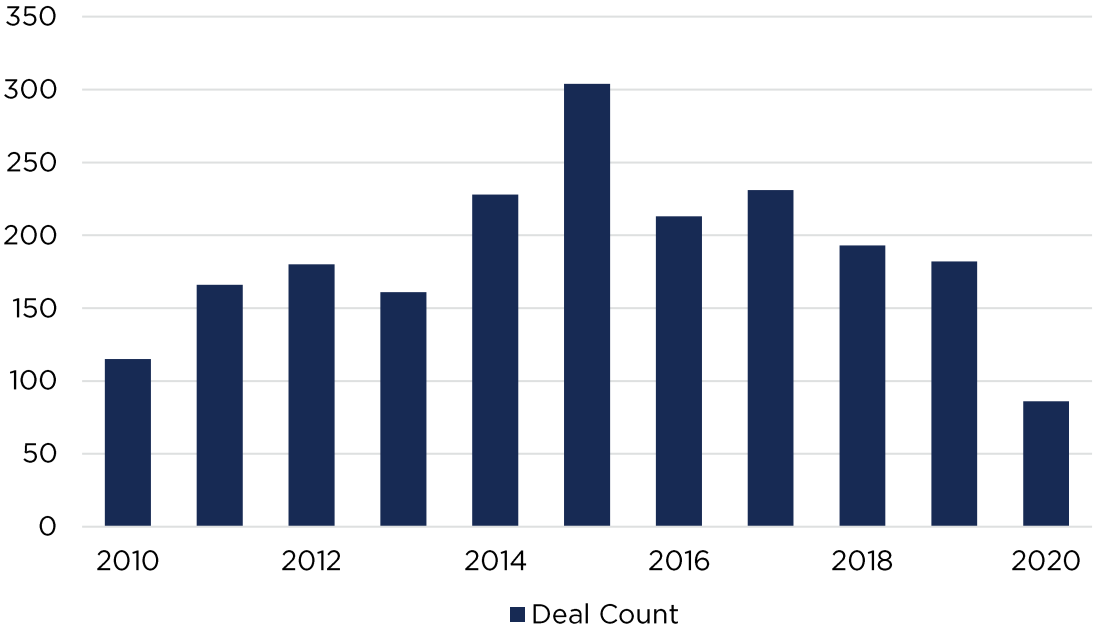
- The most recently announced deals in the sector

# Dashboard

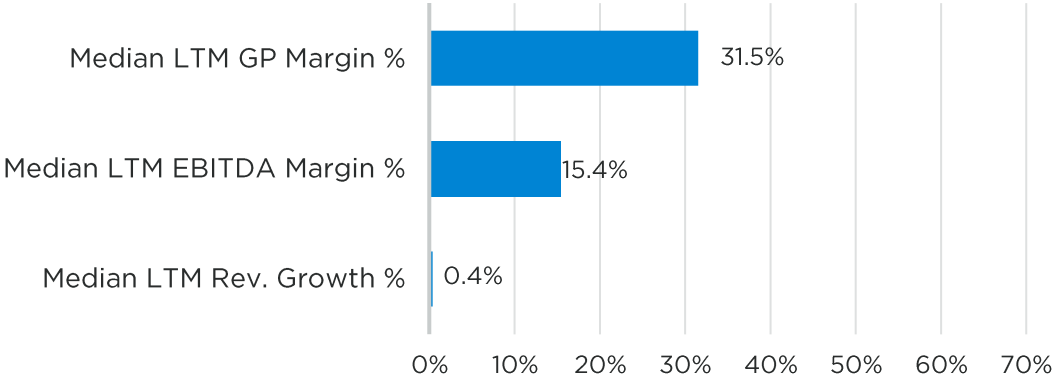
## REVENUE GROWTH MOMENTUM ↑ 2.1%

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

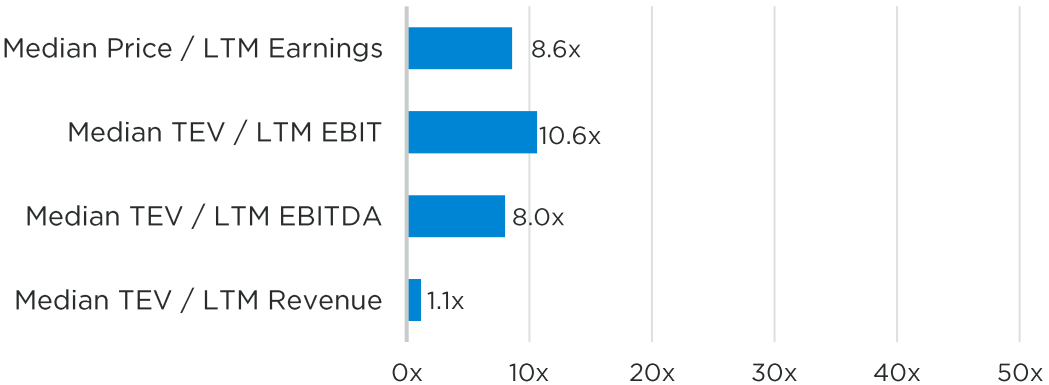
### M&A Activity



## Operating Metrics



## Valuation



# Public Basket Overview



United States

OmnicomGroup



Europe



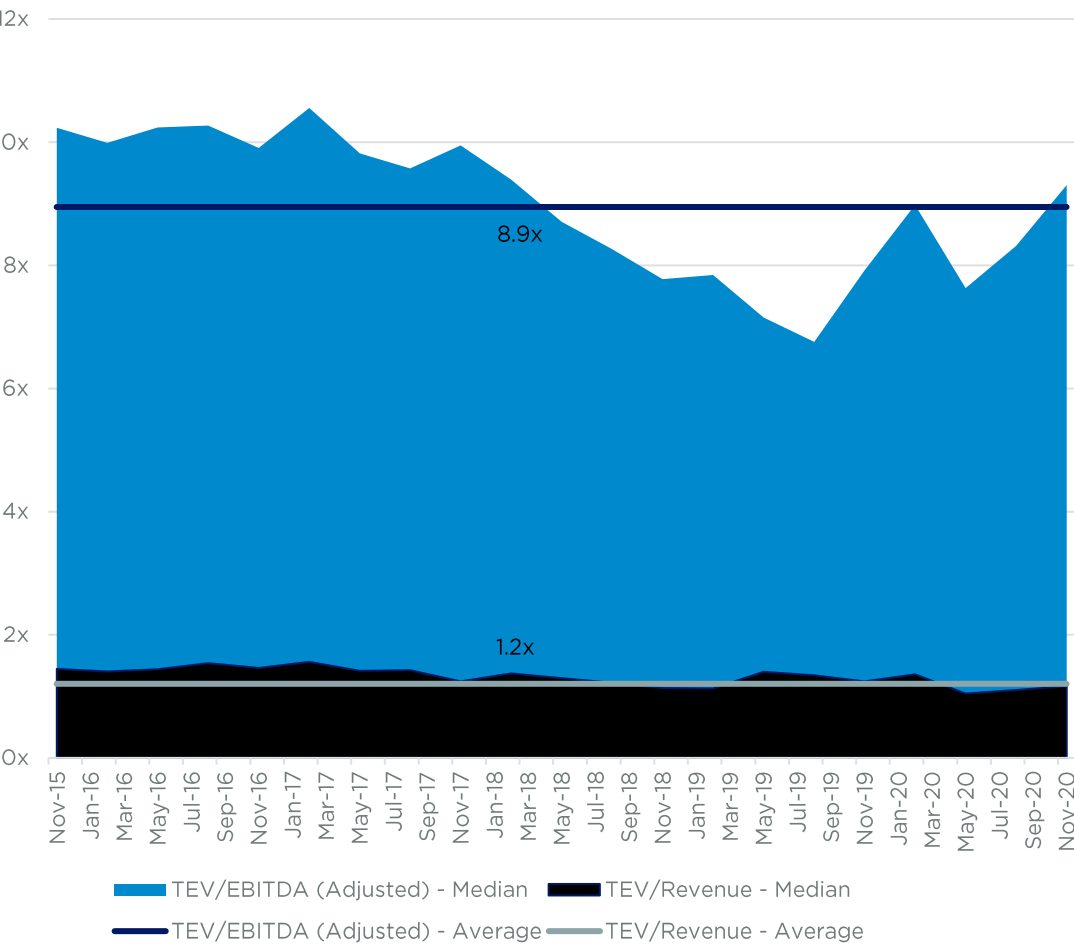
Asia

dentsu  
group

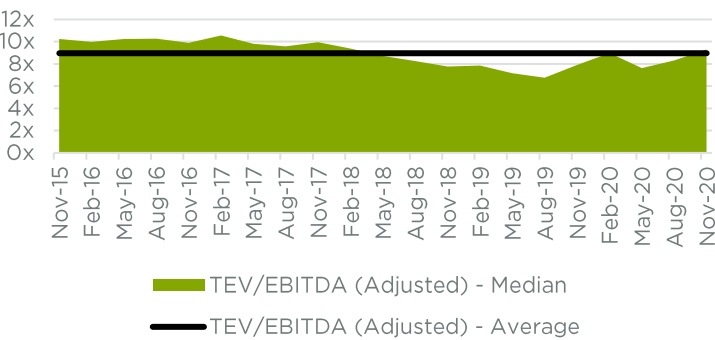
# Public Basket

Company	TEV \$m	LTM EBITDA \$m	LTM Rev \$m	Rev Growth YoY	GP %	EBITDA %	TEV / Rev X	TEV / EBITDA X	# FTEs	Rev / FTE \$k
Accenture	132,901	8,292	44,327	2.6%	31.5%	18.7%	3.0x	16.0x	513,000	86
WPP	16,465	2,487	15,676	4.4%	17.3%	15.9%	1.1x	6.6x	101,000	155
Omnicom Group	14,496	2,069	13,555	-9.0%	16.3%	15.3%	1.1x	7.0x	70,000	194
Publicis Groupe	14,341	1,933	12,617	13.0%	-	15.3%	1.1x	7.4x	80,787	156
The Interpublic Group of Companies	11,318	1,295	9,413	-7.5%	14.4%	13.8%	1.2x	8.7x	54,300	173
Dentsu	10,840	1,739	9,337	-2.3%	89.0%	18.6%	1.2x	6.2x	66,400	141
S4 Capital	2,778	62	338	-	83.8%	18.4%	8.2x	44.7x	2,650	128
Kin + Carta	257	30	192	14.5%	49.0%	15.4%	1.3x	8.6x	1,438	134
PFSweb	194	12	312	0.4%	25.6%	3.7%	0.6x	16.8x	1,800	174
SQLI	157	28	250	-5.4%	52.2%	11.3%	0.6x	5.6x	2,161	116
<b>Average</b>	20,375	1,795	10,602	1.2%	42.1%	14.6%	1.9x	12.8x	89,354	146
<b>Median</b>	11,079	1,517	9,375	0.4%	31.5%	15.4%	1.1x	8.0x	60,350	148

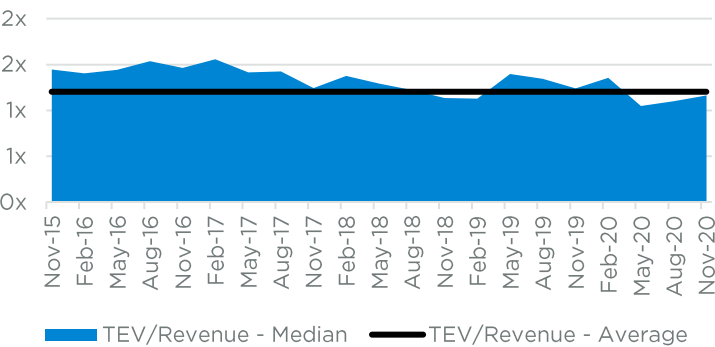
# Public Basket



## Public EBITDA Multiples over Time

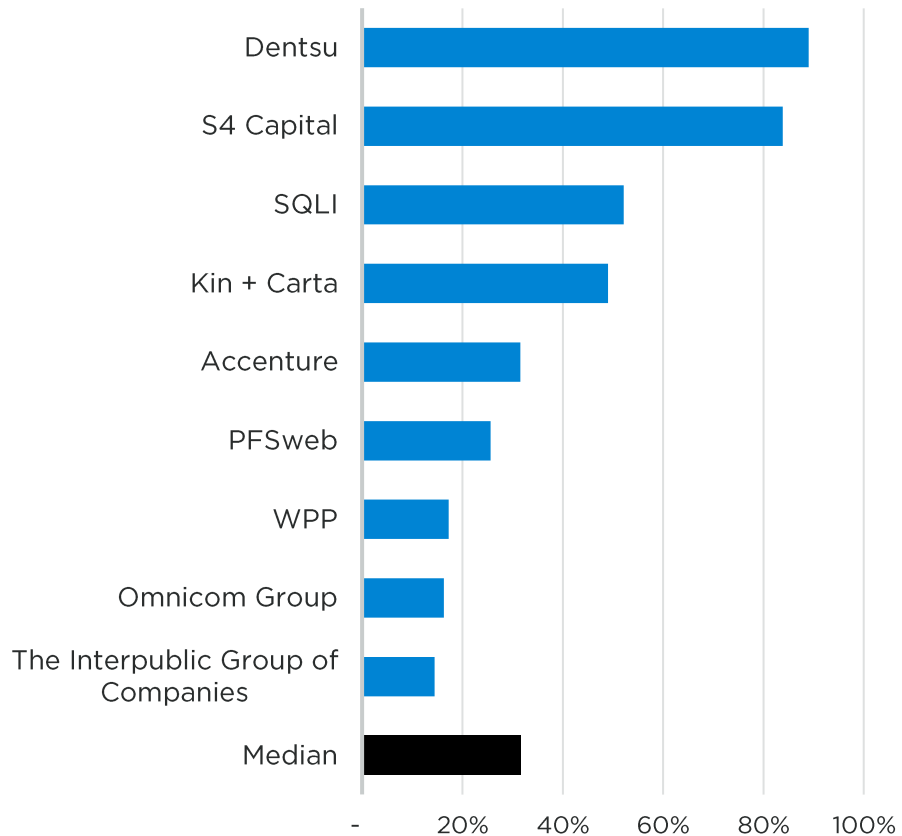


## Public Revenue Multiples over Time

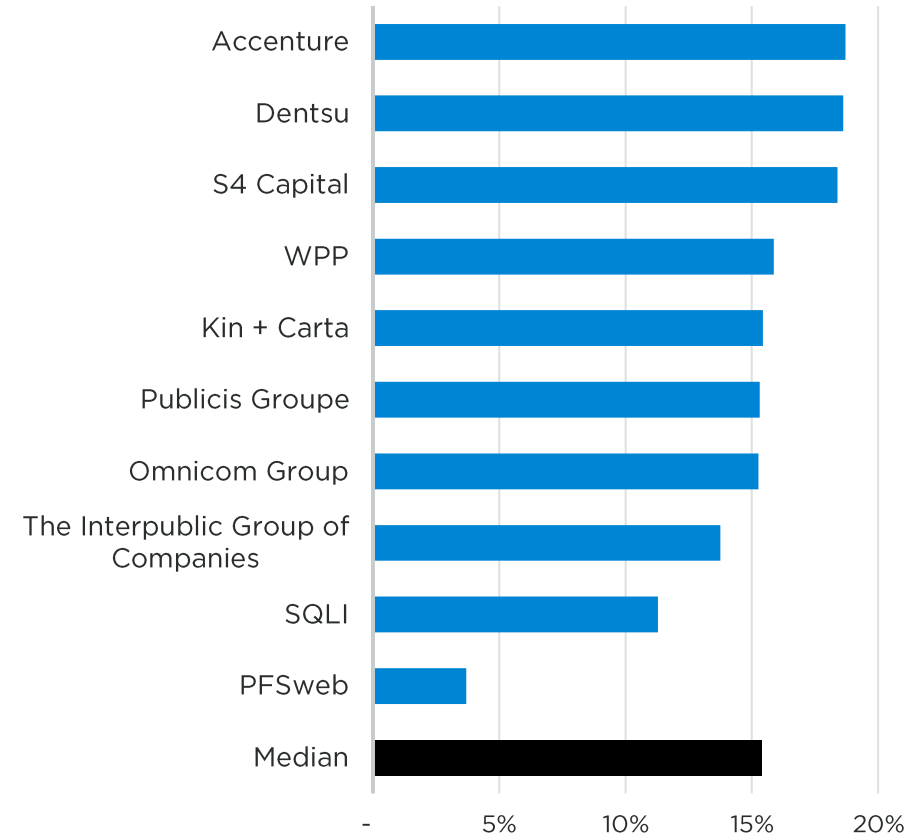


# Operational Metrics

LTM Gross Profit Margin %



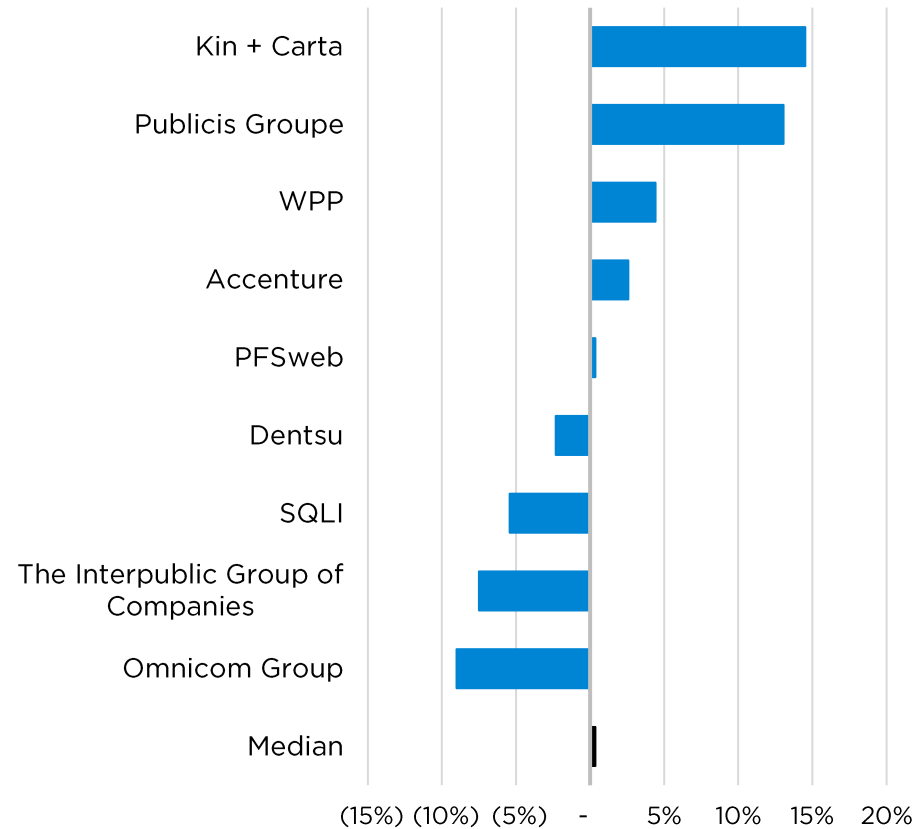
LTM EBITDA %



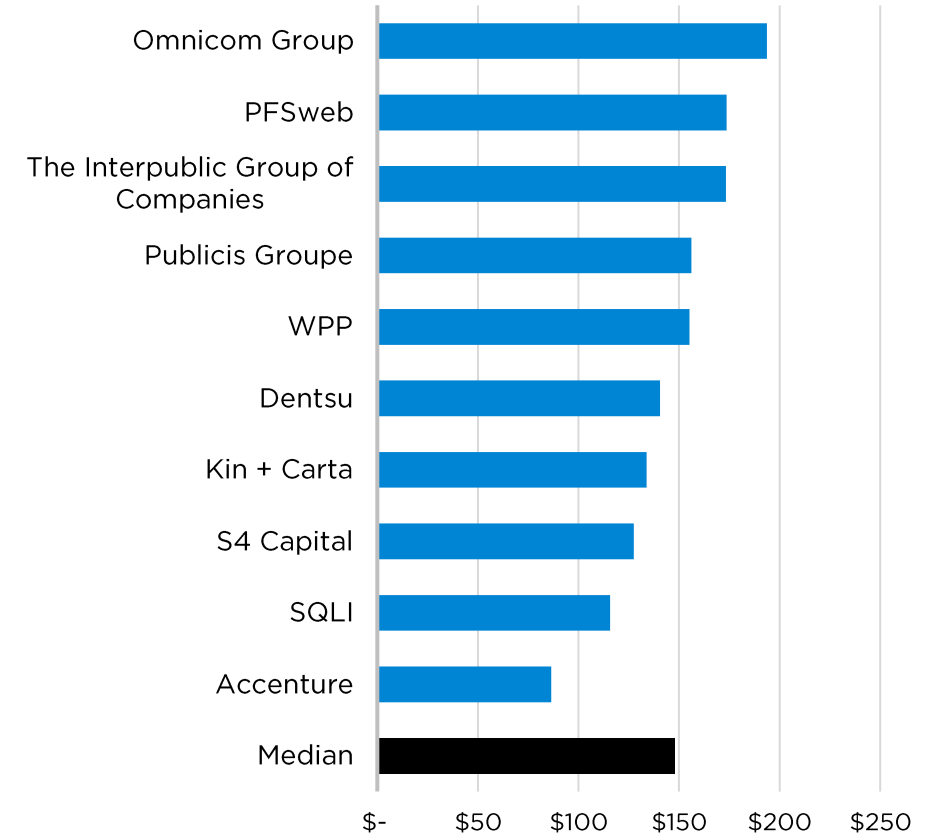


# Operational Metrics

## LTM Revenue Growth %

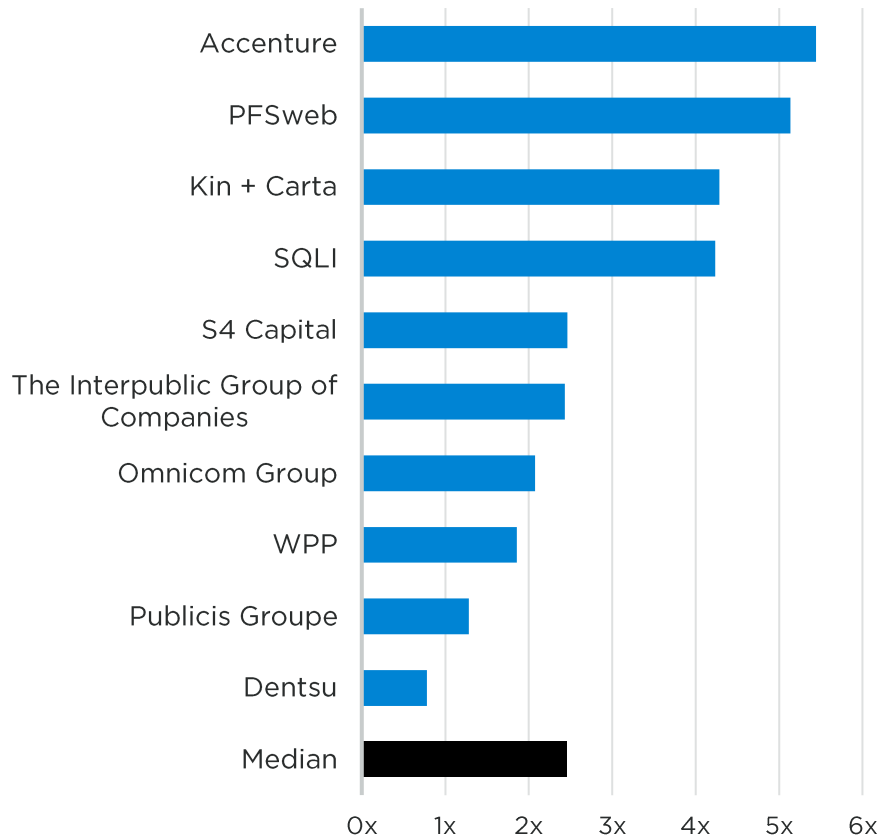


## LTM Revenue per Full Time Employee x 000's

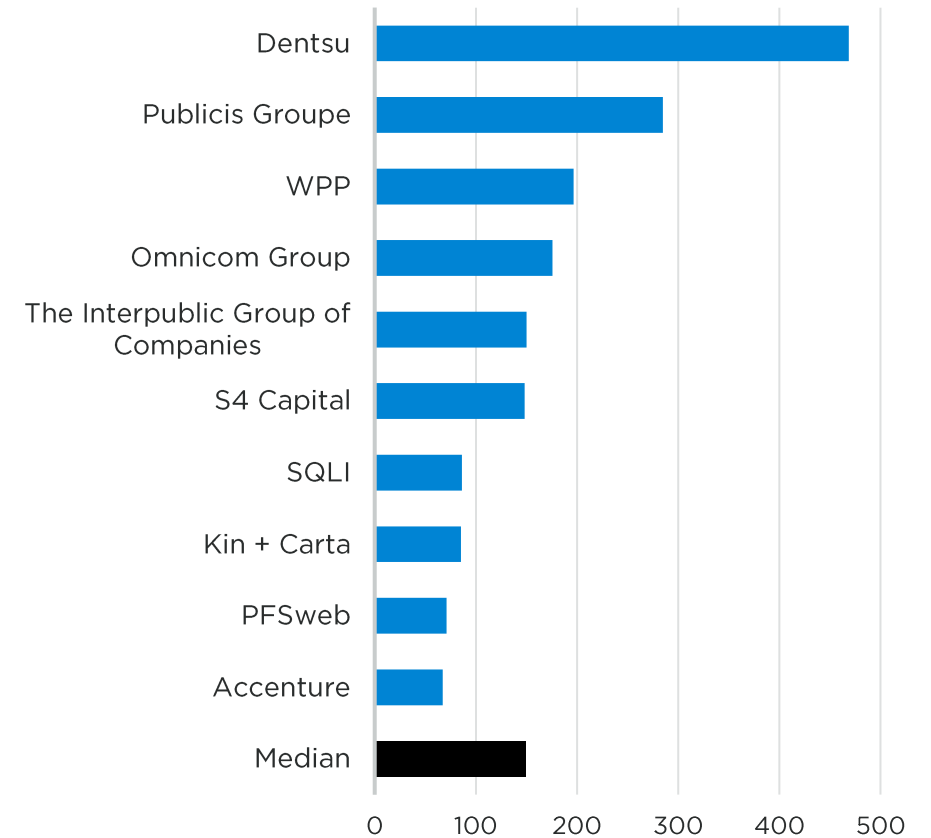


# Operational Metrics

## Accounts Receivable Turnover

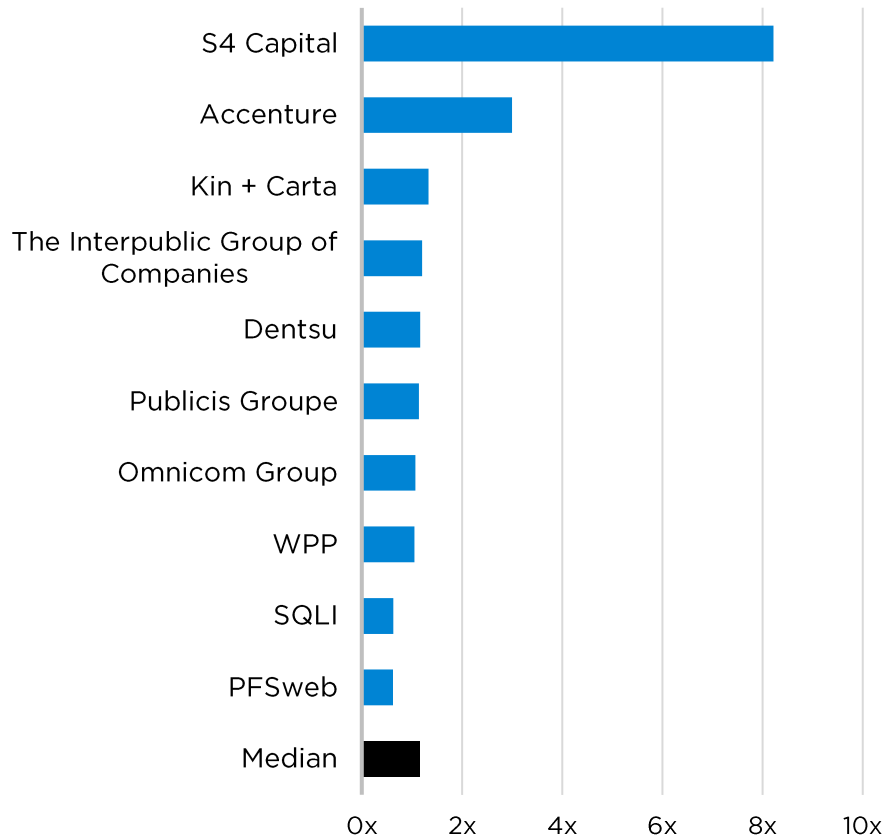


## Average Days Sales Outstanding

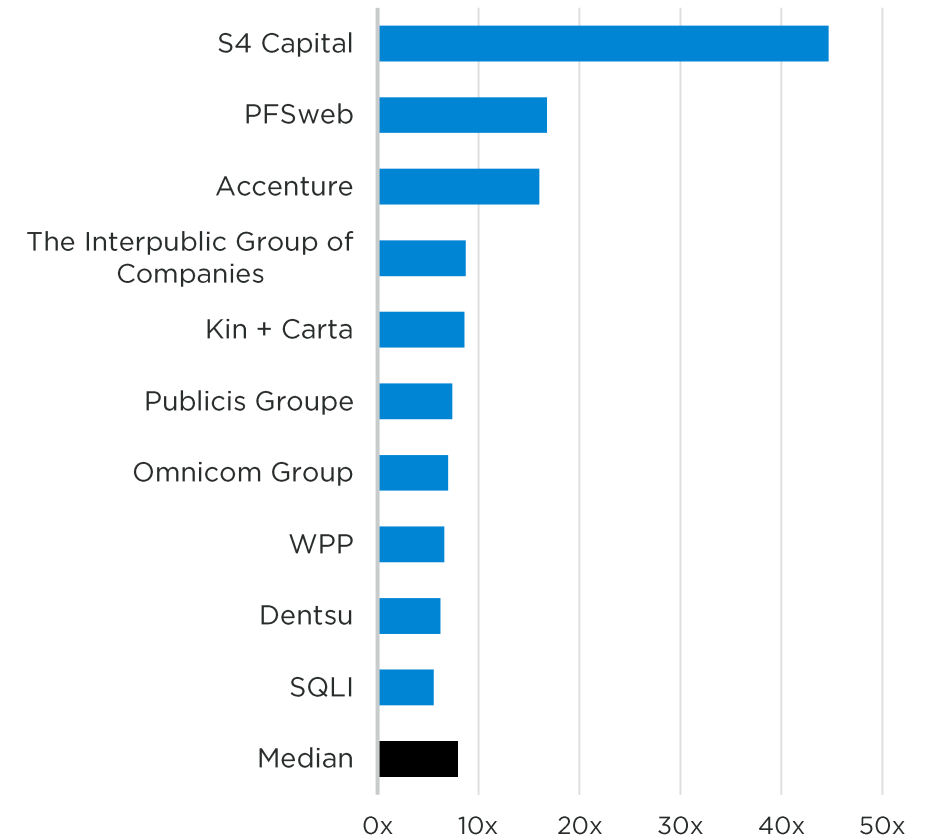


# Valuation

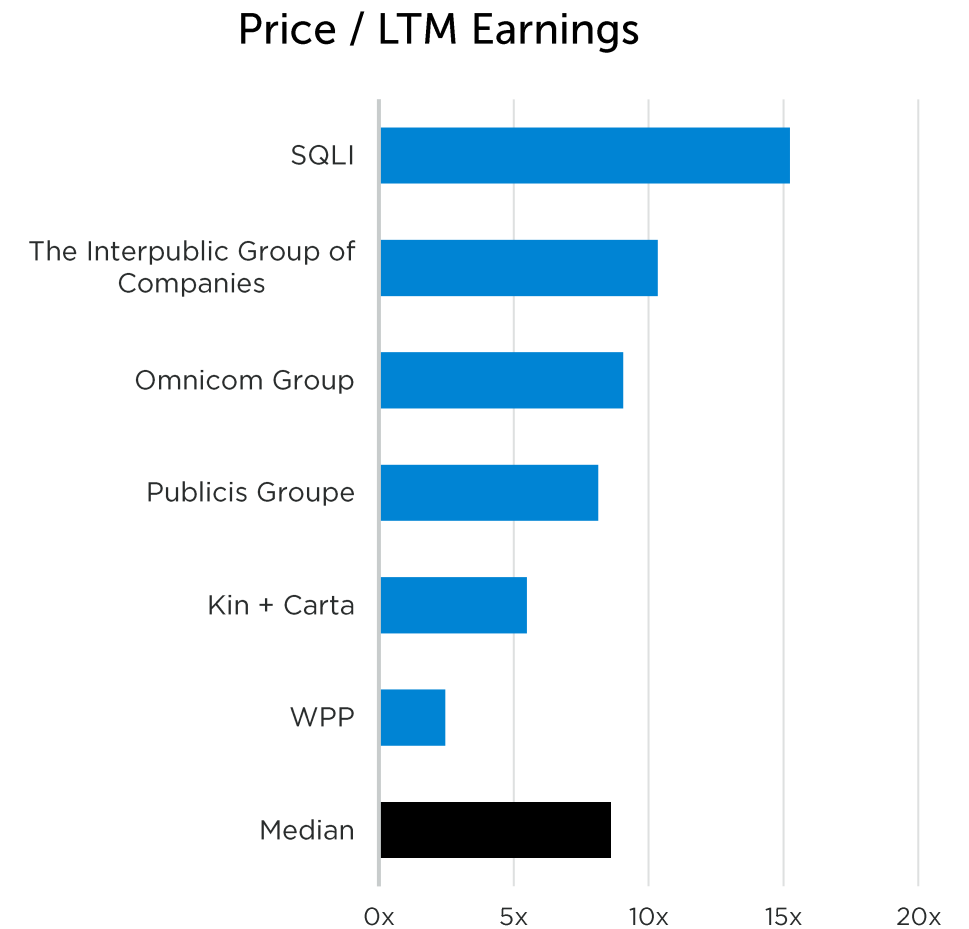
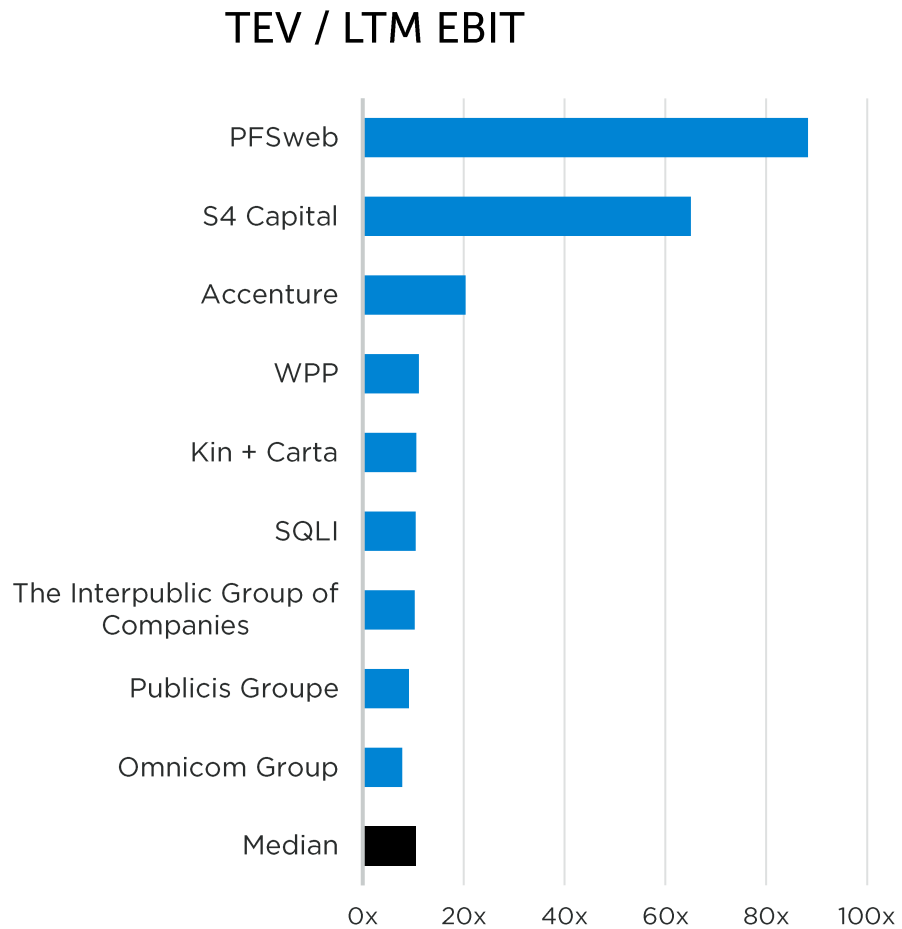
TEV / LTM Revenue



TEV / LTM EBITDA

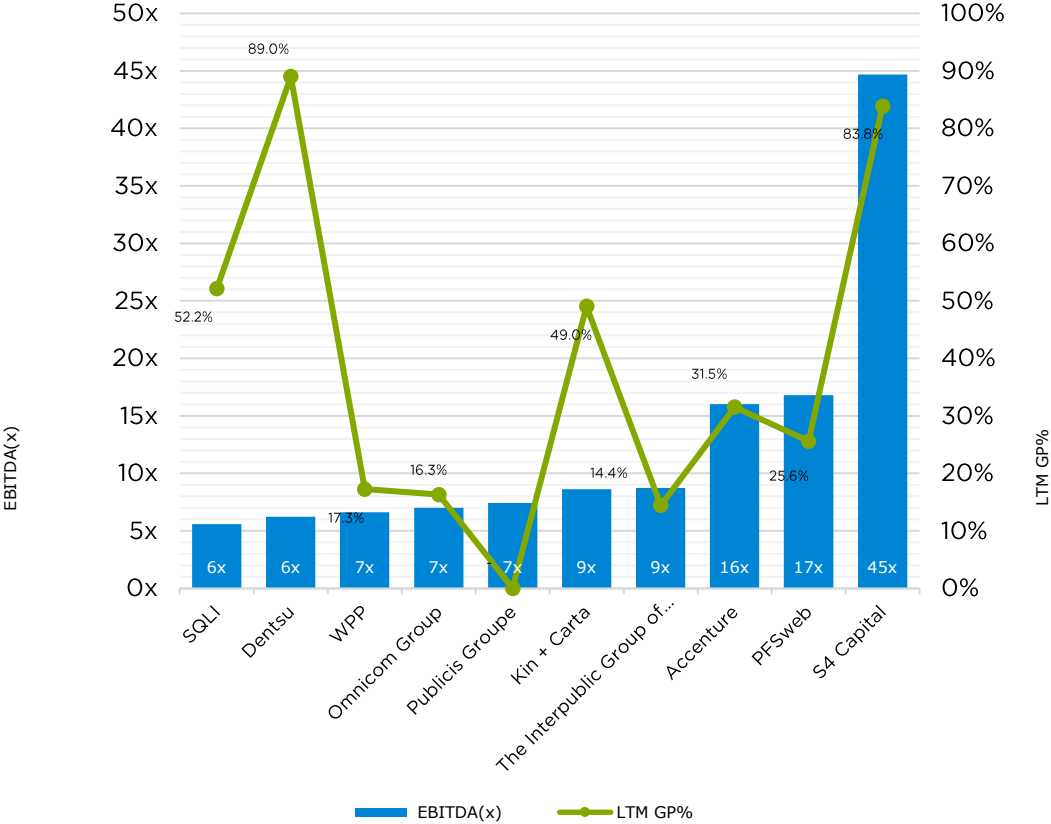


# Valuation

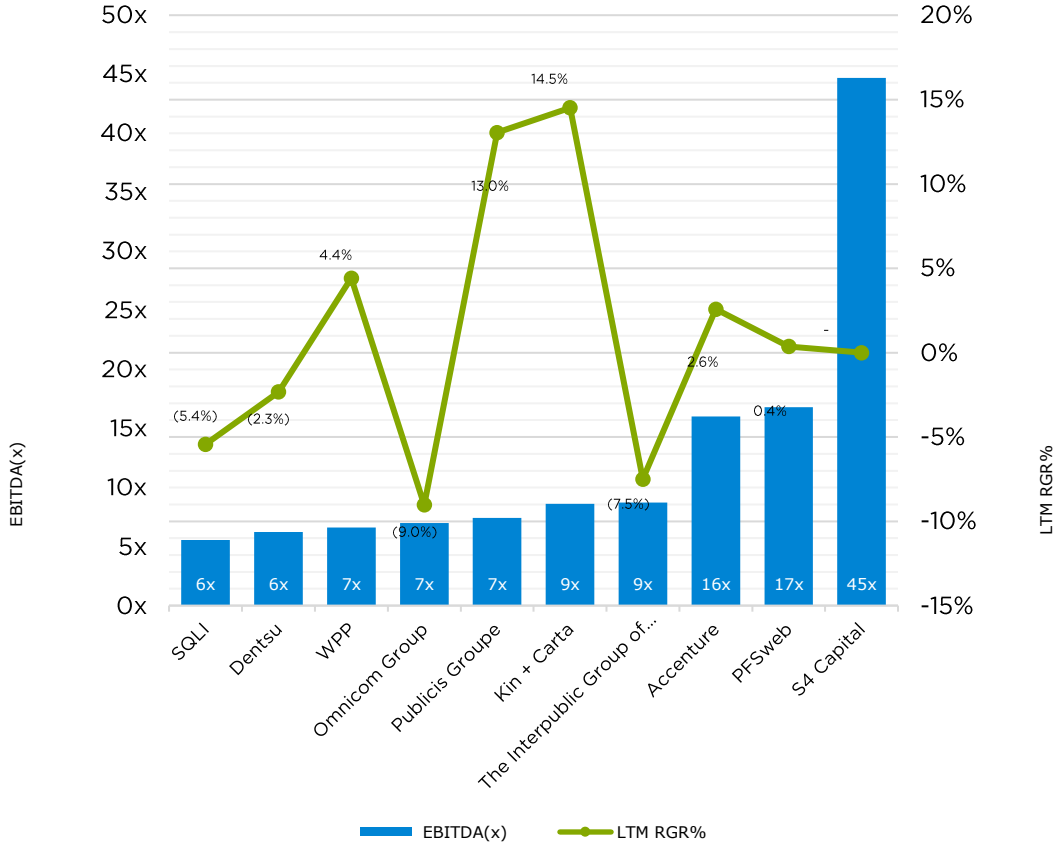


# Valuation

Historical Valuation Multiples  
versus Gross Profit



Historical Valuation Multiples  
versus Revenue Growth Rate



# Recent Transactions

Date	Target	Buyer	Total Transaction Amount	Target Revenue	TEV / Revenue	TEV / EBITDA
29-Oct-20	Lightbox OOH Video Network	Cattri	-	-	-	-
27-Oct-20	Sonobi	Cohere Capital	-	-	-	-
21-Oct-20	Delete	BGF	-	-	-	-
15-Oct-20	Clickagy	Zoom Information	-	-	-	-
15-Oct-20	Impax Media	Velocity (Holland)	-	-	-	-
14-Oct-20	Tru Optik	TransUnion	-	-	-	-
08-Oct-20	RedBud Partners	Source Point	-	-	-	-
30-Sep-20	Prestozon	Helium 10	-	-	-	-
29-Sep-20	Quartile	Rockbridge Growth Equity	-	-	-	-
28-Sep-20	True[x]	Gimbal	100.00	-	-	-
25-Sep-20	SuperAwesome	Epic Games	-	-	-	-
23-Sep-20	Ad's Up Consulting	European Digital Group	-	-	-	-
22-Sep-20	AdSparx	Discovery (Mass Media)	-	-	-	-
22-Sep-20	Pocket Media	TradeDoubler	-	-	-	-
21-Sep-20	SweetIQ	Uberall	-	-	-	-
15-Sep-20	Xandr	#ENTITYNOTFOUND	-	-	-	-
09-Sep-20	NinthDecimal	inMarket Media	-	-	-	-
25-Aug-20	Activate (New York)	Impact Tech	-	-	-	-
12-Aug-20	Prospect Consultancy & Design	Manyone	-	-	-	-
10-Aug-20	Zmags	#ENTITYNOTFOUND	5.25	-	-	-
06-Aug-20	Collectively	You & Mr Jones	-	-	-	-
06-Aug-20	R2B2	Genesis Capital(Czech)	-	-	-	-
28-Jul-20	Chocolate	FreeStar	-	-	-	-
28-Jul-20	Nautal	Click&Boat	-	-	-	-
20-Jul-20	Textmunication Holdings	-	-	1.11	-0.18	-

# Appendix

*Public Basket  
Contact Information*

## Accenture

**Accenture is a leading global IT services firm that provides consulting, strategy, and technology and operational services.**

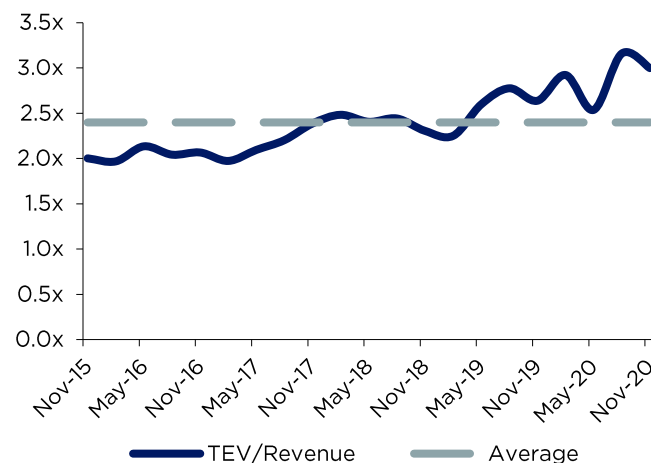
These services run the gamut from aiding enterprises with digital transformation, to procurement services, to software system integration. The company provides its IT offerings to a variety of sectors, including communications, media and technology, financial services, health and public services, consumer products, and resources. Accenture employs just under 500,000 people throughout 200 cities in 51 countries.



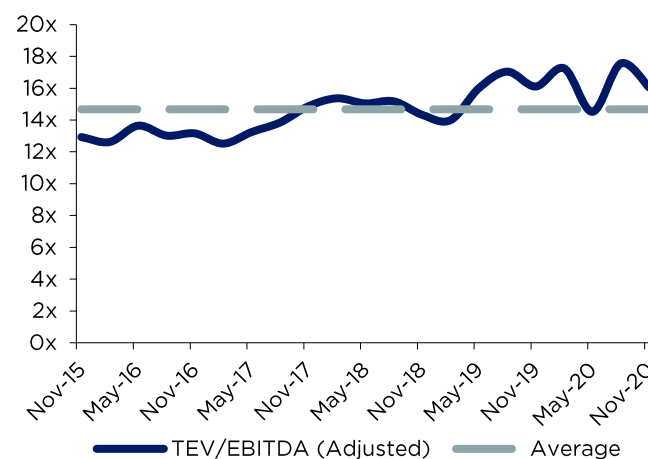
# Public Basket

Accenture

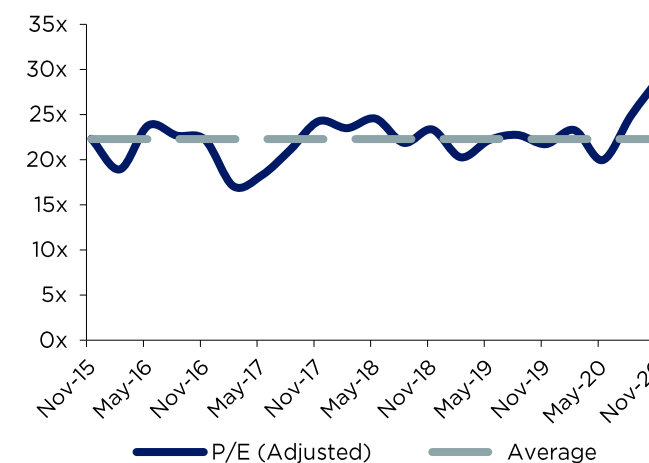
Revenue Multiples - Accenture



EBITDA Multiples - Accenture



P/E Multiples - Accenture



Company Name	Date	Deal Synopsis
OpusLine	27-Oct-20	The company reached a definitive agreement to be acquired by Accenture (NYS: ACN) for an undisclosed amount on October 27, 2020. With this acquisition, Accenture would be positioned to provide health industry clients with innovations in areas such as data analytics and artificial intelligence and support the health ecosystem.
Enimbos	26-Oct-20	The company was acquired by Accenture (NYS: ACN) for an undisclosed amount on October 26, 2020. This acquisition is a significant step forward in Accenture's growth strategy in Spain and Portugal.

## WPP

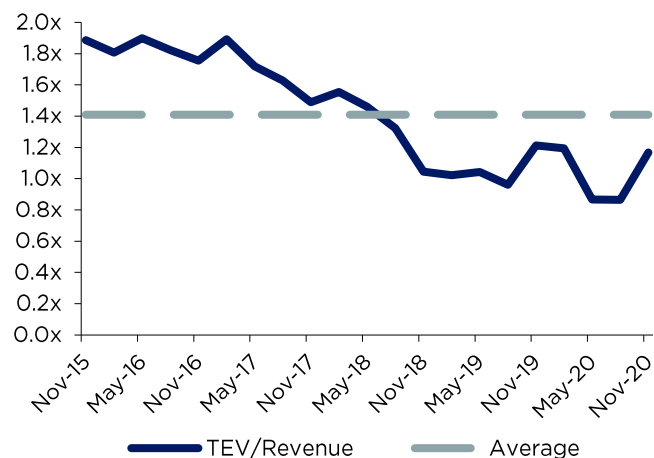
**Headquartered in the U.K., WPP is the world's largest ad holding company, based on annual revenues.**

WPP's services, which include traditional and digital advertising, public relations, and consulting, are provided worldwide, with over 70% of its revenue coming from more developed regions such as the North America, U.K., and Western Europe.

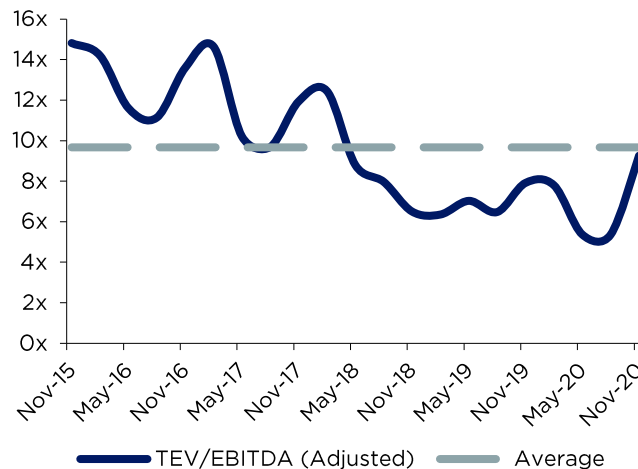
# Public Basket

WPP

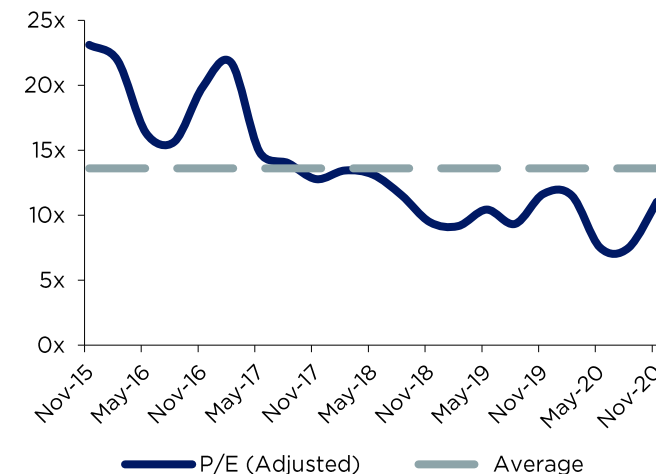
Revenue Multiples - WPP



EBITDA Multiples - WPP



P/E Multiples - WPP



Company Name	Date	Deal Synopsis
Sandtable	05-Mar-20	The company was acquired by WPP (LON: WPP) for an undisclosed amount on March 5, 2020. The acquisition is in line with WPP's strategy to deepen its technology offer by further strengthening its investment and innovation in data science.
The&Partnership	12-Feb-20	The company was acquired by WPP (LON: WPP) for approximately GBP 30 million from Mr. Johnny Hornby and other senior members on February 12, 2020. With this acquisition WPP will in future be allocated a larger part of the agency's profits.

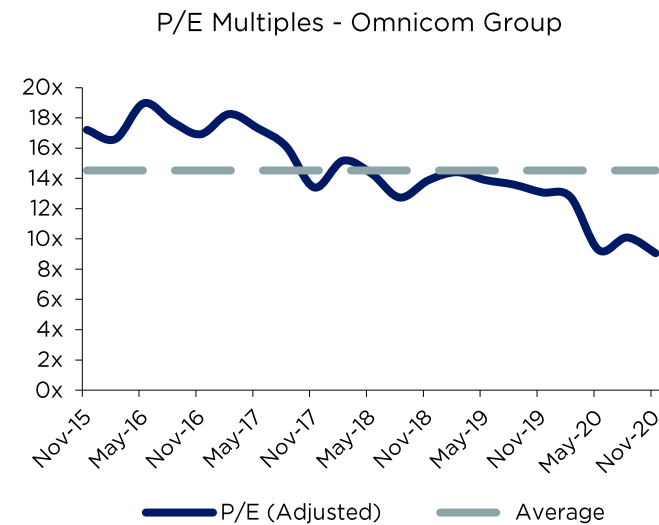
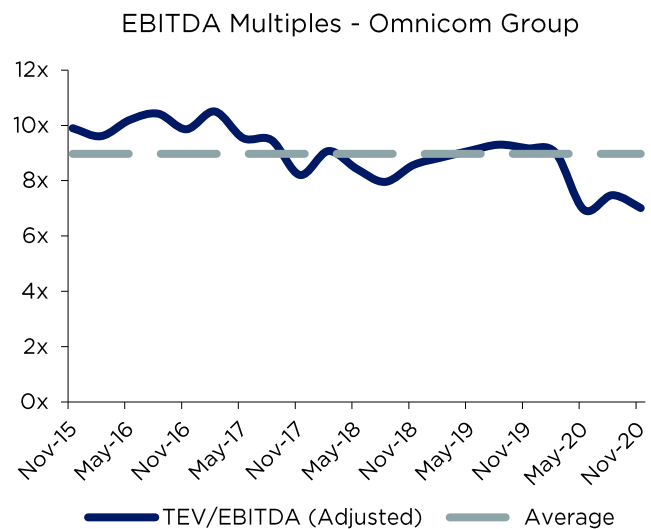
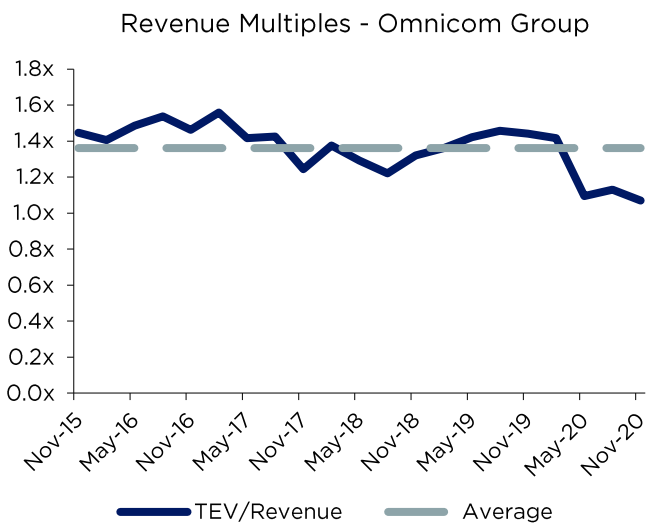
## Omnicom Group

**Omnicom is the world's second- largest ad holding company, based on annual revenue.**

The American firm's services, which include traditional and digital advertising and public relations, are provided worldwide, with over 85% of its revenue coming from more developed regions such as North America and Europe.

# Public Basket

## Omnicom Group



Company Name	Date	Deal Synopsis
Waymo	3/23/20	The company raised \$3 billion of venture funding in a deal led by Silver Lake Management, Canada Pension Plan Investment Board and Mubadala Investment Company on May 12, 2020, putting the company's pre-money valuation at \$27.75 billion. Magna International, AutoNation, Perry Creek Capital, Andreessen Horowitz, Fidelity Management & Research, Alphabet, T. Rowe Price and other undisclosed investors also participated in the round. The funding raised will be used to invest in the company's workforce, product development and operating its Waymo One ride-hailing service, as well as its Waymo Via cargo and goods transportation service.
Lime	1/6/20	The company raised \$170 million of venture funding in a deal led by Uber on May 7, 2020, putting the company's pre-money valuation at \$340 million. GV, Bain Capital Ventures, Alphabet, Ajax Strategies and other undisclosed investors also participated in the round. The funds will be used to reaffirm the company's market strength and position the company to build a long-lasting business that empowers people with sustainable, safe and affordable transportation options.

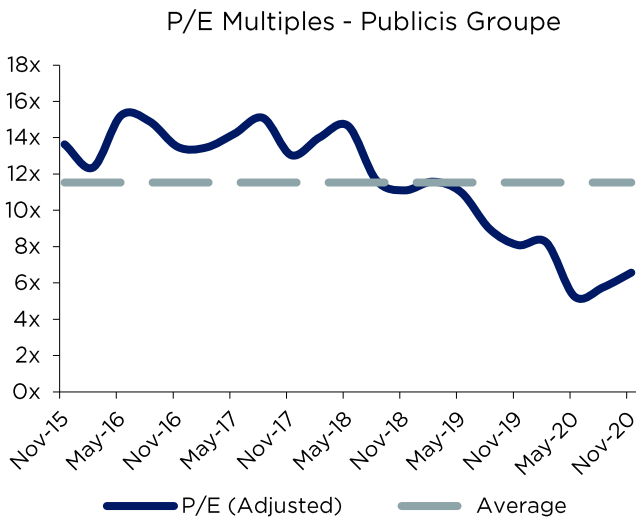
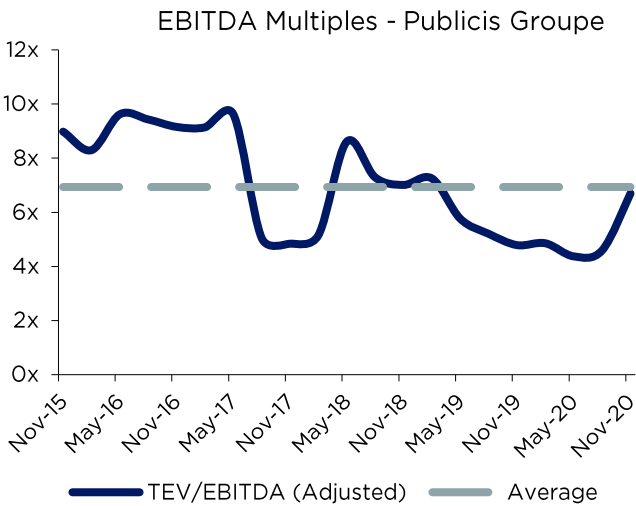
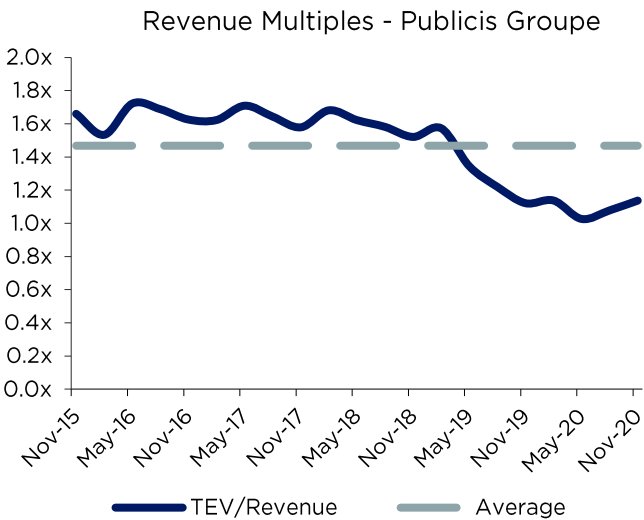
## Publicis Groupe

**Founded in 1926 and headquartered in France, Publicis is the world's third-largest ad holding company based on revenue.**

Publicis' services, which include traditional and digital advertising, public relations, and consulting, are provided worldwide, with over 80% of its revenue coming from more developed regions such as North America and Europe.

# Public Basket

## Publicis Groupe



Company Name	Date	Deal Synopsis
Duel (Business/Productivity Software)	27-Oct-20	The company raised GBP 1.8 million of venture funding in a deal led by Downing Ventures on October 27, 2020. Publicis Groupe, London Co-Investment Fund and University of Bristol Endowment also participated in the round. The funds will be used to develop the company's suite of brand advocacy tools, advance its patented curation AI and rapidly hire more community and brand experts to support the growing number of brand builders pioneering the Brand Advocacy category.
Rauxa	18-Aug-19	The company was acquired by Publicis Groupe (PAR: PUB) for an undisclosed amount on August 18, 2019. The acquisition complements Publicis Groupe's expertise in delivering data-driven creativity offerings in the US, specifically across CRM and personalized creative.

### The Interpublic Group of Companies

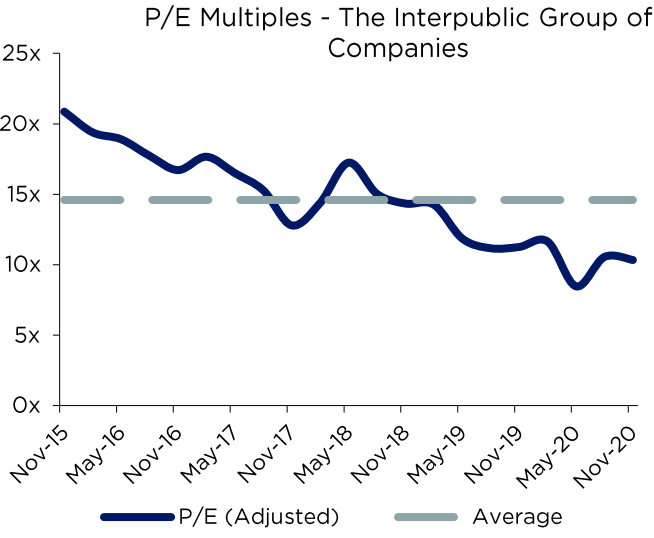
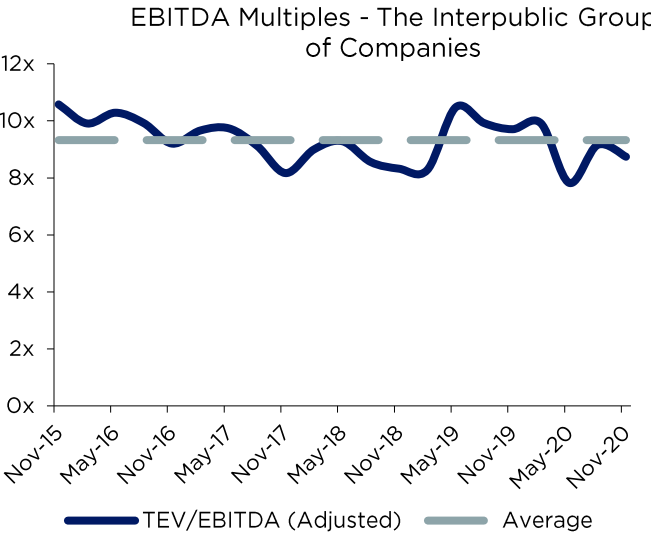
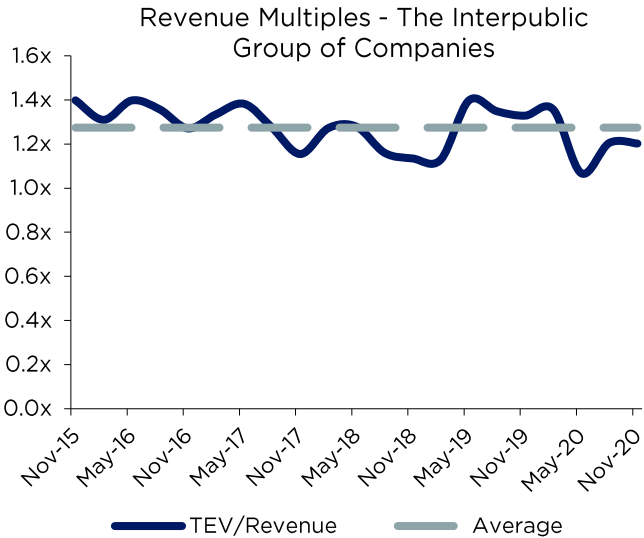
**Interpublic Group is the world's fourth- largest ad holding company, based on annual revenue.**

It provides traditional advertising services along with digital and other services such as public relations through various acquisitions. IPG has made these services available in over 100 countries. The company generates more than 75% of its revenue from developed regions such as the United States and Europe.



# Public Basket

## The Interpublic Group of Companies



Company Name	Date	Deal Synopsis
Acxiom	01-Oct-18	Acxiom, a division of LiveRamp Holdings was acquired by The Interpublic Group of Companies (NYS: IPG) for \$2.32 billion on October 1, 2018. he deal brings together IPG's media, creative, marketing services and analytics capabilities, global scale and consumer insights, with the company's unrivalled expertise in identity, data, integrations and data stewardship.
Acxiom (Marketing Solutions Division)	01-Oct-18	The Marketing Solutions unit of Acxiom (NASDAQ: ACXM) was acquired by The Interpublic Group of Companies (NYSE: IPG) for \$2.32 billion on October 1, 2018. The acquirer has a fully committed \$2.3 billion bridge facility and expects to obtain long-term financing to fund the transaction in the debt capital markets before closing. The acquisition enables IPG to better compete in an industry where clients increasingly expect advertising companies to offer data-driven insights.

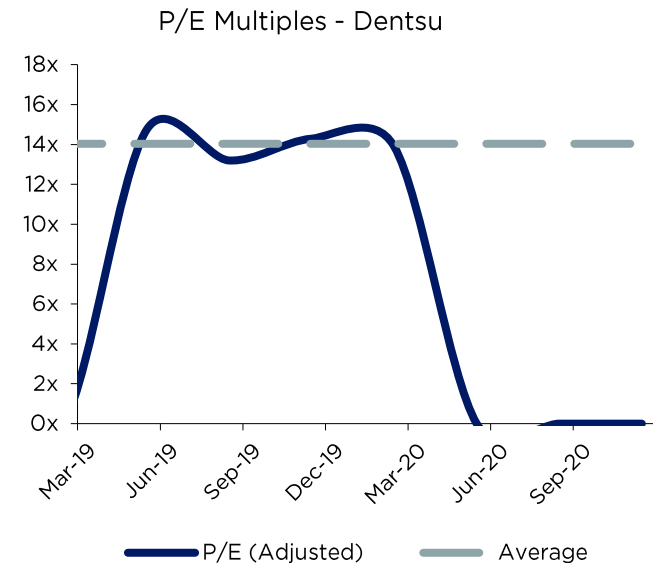
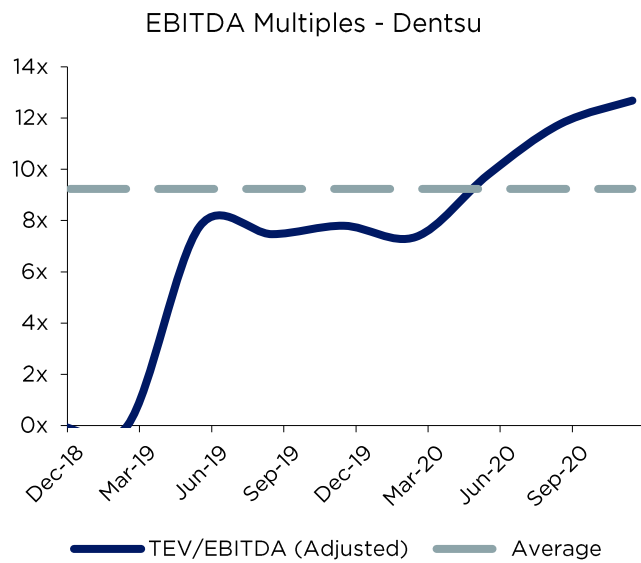
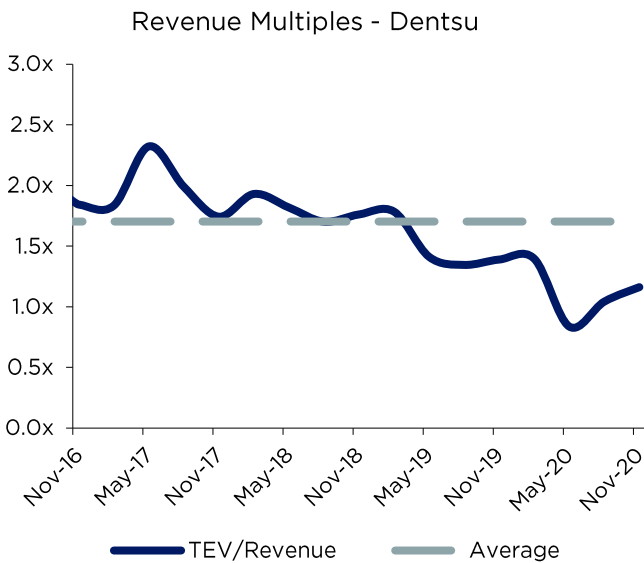
## Dentsu

**Dentsu Group Inc is a Japanese international advertising and public relations company that provides communication-related solutions and services such as management and business consulting.**

Dentsu is one of the world's largest advertising agencies. The company operates through its nine global network brands--Carat, Dentsu, Dentsu media, iProspect, Isobar, mcgarrybowen, MKTG, Posterscope and Vizeum--as well as through its specialist/multi-market brands. It is also active in the production and marketing of sports and entertainment content on a global scale. The company earns a majority of its revenue in Japan, followed by Europe and the Americas, while operating in over 100 countries around the world.

# Public Basket

Dentsu



Company Name	Date	Deal Synopsis
SmartNews	18-Nov-19	The company raised \$92 million of Series E venture funding in a deal led by Japan Post Capital and ACA Investments on November 18, 2019, putting the company's pre-money valuation at \$1.11 billion. Development Bank of Japan, Dentsu, GMO VenturePartners, SMBC Venture Capital, Globis Capital Partners, Japan Co-Invest Limited Partnership and D.A.Consortium also participated in the round. The funds will be used to continue the expansion of the company's global engineering teams for mobile, backend and machine learning development, accelerating the growth in the U.S. and worldwide.
Botify	05-Nov-19	The company joined Fast-Track on November 5, 2019 and received \$300,000 in funding. Concurrently, Dentsu invested in the company. The funding was received in the form of grant.

# Contact Info

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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
John Cooper, Managing Director	704.973.3996	john@7mileadvisors.com
Mark Landry, Managing Director	561.972.0609	mark@7mileadvisors.com
Ben Lunka, Managing Director	704.496.2995	ben@7mileadvisors.com
Ariail Barker, Director, Sales & Marketing	704.981.2908	ariail@7mileadvisors.com
Kristina Sergueeva, Director	704.899.5149	kristina@7mileadvisors.com
Tim Frye, Director	704.973.3994	tim@7mileadvisors.com
Ben Garber, Vice President	412.626.7898	ben.garber@7mileadvisors.com
Garth Martin, Vice President	704.973.3997	garth.martin@7mileadvisors.com
Nicholas Prendergast, Vice President	704.973.3995	nicholas@7mileadvisors.com
Ben Bruggeworth, Vice President, Business Development	704.365.8859	ben.bruggeworth@7mileadvisors.com
Emily Halstenberg, Marketing & Sales Coordinator	704.409.9912	emily@7mileadvisors.com
Marty Johnson, Senior Associate	704.973.3999	marty@7mileadvisors.com
Sydney Scadden, Senior Associate	704.973.3998	sydney@7mileadvisors.com
Steve Buffington, Associate	704.960.1828	steve@7mileadvisors.com
Dennis Fox, Associate	704.706.9168	dennis@7mileadvisors.com
Daniel Kim, Associate	704.912.4584	daniel@7mileadvisors.com
Nic Anderle, Analyst	704.826.7492	nic.anderle@7mileadvisors.com
Luke Perda, Analyst	704.851.4013	luke.perda@7mileadvisors.com
Robin Siegel, Analyst	704.285.8173	robin@7mileadvisors.com
Sawyer Willingham, Analyst	704.285.8171	sawyer.willingham@7mileadvisors.com