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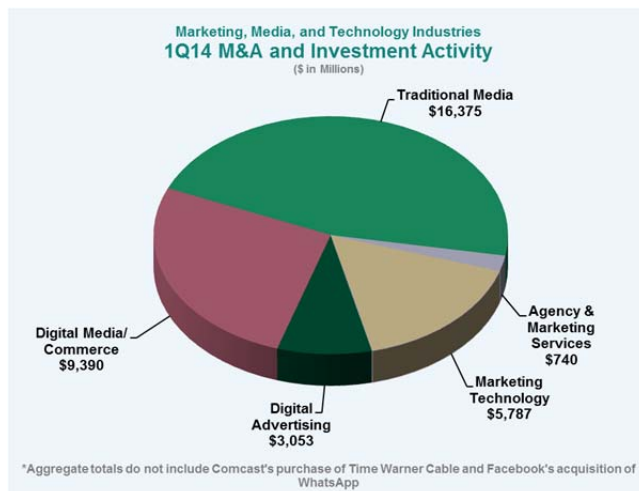
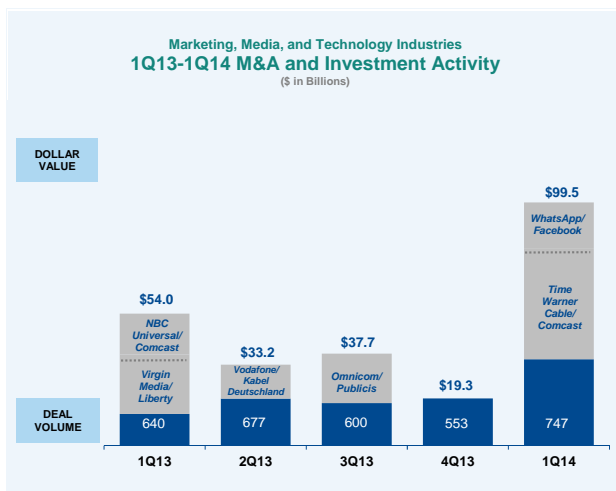
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1Q14 Review of M&A and Investment Activity in the Marketing, Media, and Technology Industries: 747 Transactions Totaling a Reported \$35.3 Billion

Digital Media/Commerce and Marketing Technology were the Most Active Segments in 1Q14 with a Combined Total of 542 Transactions; Traditional Media was the Highest Value Segment with \$16.4 Billion in Reported Deal Value

March 31, 2014 (New York, NY) – During 1Q14, Petsky Prunier tracked 747 M&A and investment transactions for a total of \$35.3 billion across five broad segments: Digital Media/Commerce, Digital Advertising, Marketing Technology, Agency & Marketing Services, and Traditional Media. Digital Media/Commerce and Marketing Technology were the most active segments with 274 and 268 transactions, respectively, while Traditional Media was the highest reported value segment totaling \$16.4 billion. Note, two mega transactions announced during the quarter were excluded from the analysis: Comcast’s \$45.2 billion purchase of Time Warner Cable and the \$19 billion acquisition of WhatsApp by Facebook.



M&A Activity

Acquisitions accounted for 48 percent of total transactions and 81 percent of reported value in 1Q14. Marketing Technology was the most active M&A segment with 109 transactions, of which 47 reported \$3 billion in value. Quarter-over-quarter activity and reported value in the segment were up 54 percent and four percent, respectively. The most active subsegments were Content Management and Social Technology with a combined total of 34 acquisitions, up from 12 in 4Q13. Transactions in the segment announced during 1Q14 included:

- Google’s \$650 million acquisition of UK-based DeepMind, which develops technologies for eCommerce and game platforms
- Verint Systems’ \$514 million purchase of KANA Software, a provider of customer service solutions that are delivered on-premise
- Oracle’s acquisition of DMP BlueKai for a reported \$400 million

- TiVo's \$135 million acquisition of Digitalsmiths, which provides video search and recommendation SaaS-based solutions
- Rovi Corporation's \$69 million purchase of Veveo, which provides personalized search and discovery solutions for TV providers

Digital Media/Commerce was the second most active and highest reported value segment in 1Q14 with 103 acquisitions, of which 41 reported \$5.6 billion in value. Activity during the quarter was led by the eCommerce subsegment with 31 acquisitions, of which 13 reported \$3 billion in value. Eleven were for retail/eCommerce businesses, including Essilor International's \$386 million purchase of Canada-based Coastal Contacts. The Mobile Content/Apps and Social Media/Apps subsegments together accounted for 39 percent of activity in the segment with a combined 40 deals, up 71 percent from 4Q13. Additional acquisitions in the segment during 1Q14 included:

- Facebook's \$19 billion acquisition of mobile messaging provider WhatsApp
- Rakuten's \$900 million purchase of Cyprus-based Viber, a messaging platform and application developer
- Zynga's \$527 million acquisition of NaturalMotion Games, a developer of mobile videogames and animation technology
- Groupon's \$43 million purchase of online flash sale retailer Ideeli

Excluding Comcast's purchase of Time Warner Cable, acquisition activity in the Traditional Media segment was up three percent from the previous quarter with 40 transactions, of which 23 were reported for \$16.4 billion in aggregate value. The Entertainment Media and Cable & Satellite Television subsegments had a combined total of 19 deals, of which 10 reported \$11.9 billion in value. Entertainment Media and Cable & Satellite Television acquisitions announced during 1Q14 included:

- Vodafone's \$10 billion acquisition of Spain-based television cable company Ono
- The \$1.2 billion purchase of a 31 percent stake in France-based Eurosport International, an operator of sports television channels by Discovery Communications
- Berkshire Hathaway's \$1.1 billion purchase of television station WPLG from Graham Holdings Company

M&A activity in the Digital Advertising segment was up 39 percent compared to the previous quarter with 43 deals, of which 18 reported \$2.4 billion in value. The Digital Promotion/Coupon, Mobile Marketing, and Digital Video subsegments together accounted for 53 percent of the segment's total M&A activity with 23 transactions, up from a combined total of 10 during the previous quarter. Acquisitions announced during 1Q14 included:

- The Walt Disney Company's purchase of Maker Studios, an online video producer and distributor, for a reported \$950 million in cash and earn-out
- CoStar Group's \$585 million acquisition of online apartment search platform Apartments.com
- Comcast's \$360 million acquisition of FreeWheel Media, which provides online video advertising solutions for global media companies
- Conversant's (formerly ValueClick) \$30 million acquisition of digital video technology provider SET Media

Investment Activity

There were 390 investments during 1Q14, of which 361 reported \$7.2 billion in value. Reported value for venture and growth capital investments was up 65 percent quarter-over-quarter, while activity was up 26 percent. Eighty-five percent of investments fell into the Digital Media/Commerce and Marketing Technology segments with 171 and 159 deals announced, respectively. Digital Media/Commerce was the highest reported value segment during the quarter with 158 transactions reported for \$3.7 billion in value. Investments during 1Q14 included:

- Tiger Global Management's \$520 million investment for a stake in Brazil-based online retailer B2W Companhia Digital
- Alibaba Group's \$804 million investment for a stake in ChinaVision Media Group, a television and film production firm
- TPG Growth's \$125 million investment in business intelligence company Domo
- The \$120 million investment led by Softbank in China-based Windoujia and its mobile app distribution platform

- Mousse Partners' \$112 million investment in eCommerce site One Kings Lane
- CITC Capital's \$100 million investment in China-based taxi-booking app Didi Dache

Investments in the Digital Advertising segment accounted for 12 percent of all investments during the quarter, up 37 percent from 4Q13. There were 48 investments, of which 47 reported \$666 million in value, an increase of 72 percent versus the previous quarter. The most active subsegments were Local Search and Digital Video, each with 10 investments worth a combined \$200 million in reported value. The Comparison Shopping subsegment had eight investments worth \$69 million in reported investment value. 1Q14 investments in the Digital Advertising segment included:

- eBay's \$134 million investment in India-based consumer promotion programs provider SnapDeal
- The \$80 million investment led by BlackRock in DMP/DSP Turn
- China-based performance advertising platform Avazu, which received \$48 million in funding from private investors
- The \$47 million investment in open-source video platform Kaltura led by SAP Ventures, Nokia Growth Partners, Commonfund Capital, and Gera Ventures
- Institutional Venture Partners' \$30 million investment in content manager ZEFR (formerly MovieClips)

Buyer & Investor Activity

1Q14 Most Active Strategic Buyers by Number of Transactions		
Buyer	Number of Transactions	Representative Targets
Yahoo	7	Aviate, Cloud Party, Incredible Labs, SPARQ, Tomfoolery, Vizify, Wander
WPP	6	Bannerconnect, Cognifide, Lemon Sky, plista, Social WaveLength, XKMT
Publicis	3	Applied Media Logic, Hawkeye Communication, Lighthouse Digital
Apple	2	Burstly, SnappyLabs
Dentsu	2	Oddfellows, Verawom
Discovery Communications	2	Eurosport International, Raw TV
Google	2	Bitspin, DeepMind Technologies
Microsoft	2	Gears of War, Parature
Oracle	2	BlueKai, Push IO

Strategic buyers accounted for 46 percent of all control transactions in 1Q14. Of the 344 strategic deals announced, 151 were reported for \$23.4 billion in value. Compared to 4Q13, strategic buyer volume increased 51 percent, while value increased 84 percent. Nearly one-third of strategic transactions were in the Marketing Technology segment, up slightly from 29 percent in 4Q13, while Digital Media/Commerce accounted for 28 percent, up from 25 percent in 4Q13.

Buyout firms completed 13 acquisitions in 1Q14, of which six were reported for \$4.8 billion in value. Five of the buyout transactions were in the Digital Media/Commerce segment. Buyout transactions announced in 1Q14 included:

- Berkshire Partners' \$2.5 billion acquisition of consumer targeted marketing company Catalina Marketing from Hellman & Friedman, reportedly valued at 5.4x revenue and 11x EBITDA
- BC Partners and Insight Venture Partners \$1 billion purchase of Ireland-based CarTrawler, an online car rental company, from ECI Partners
- Thoma Bravo's \$930 million acquisition of Travelclick, a provider of revenue tracking solutions for hotels
- PNC Riverarch's purchase of media planning and buying agency Women's Marketing from Halyard Capital
- Thomas H. Lee Partners' acquisition of online contact lens retailer 1-800 Contacts from WellPoint
- ABRY Partners' purchase of commerce management company Inmar from New Mountain Capital

1Q14 Most Active Investors by Number of Transactions

Investor	Number of Transactions	Representative Targets
Accel Partners	5	Invoca, MySmartPrice Web Technology, Tactile, Teabox, Top10 Group
Google Ventures	5	Auction.com, Nextbit Systems, Secret, The Obvious, The Orange Chef
Alibaba	4	1stdibs.com, ChinaVision Media Group, Tango, TutorGroup
Bessemer Venture Partners	4	BrightBytes, Flat World Knowledge, Intercom App, Main Street Hub
Insight Venture Partners	4	Delivery Hero, Ensignten, SpareFoot, Vinted.com
Nokia Venture Partners	4	Joyme.com, Kaltura, Omnidrone, PubMatic
Sequoia Capita	4	BankBazaar.com, Cheyipai, Kahuna
500 Startups	3	First Opinion, Speek, Visual.ly
Index Ventures	3	EDITD, Little Borrowed Dress, Socialbakers
Silicon Valley Bank	3	Codero Hosting, CrowdOptic, Volusion

Venture and growth capital investors accounted for 390 transactions, of which 361 reported \$7.2 billion in value. Compared to 4Q13, investment transaction volume was up 26 percent, while value was up 65 percent. Accel Partners and Google Ventures were the most active investors during 1Q14, each completing five investments.

IPO Activity

Nine companies – Care.com, Coupons.com, King Digital Entertainment, Borderfree, Everyday Health, CBS Outdoor, Veeva Systems, Five9, and Coupons.com completed their initial public offerings within the Marketing, Media, and Technology industries in 1Q14. All but King Digital Entertainment priced at the high-end or above their initial filing ranges. Mobile gaming developer King Digital Entertainment, which raised \$500 million in its IPO valuing the company at approximately \$7.6 billion, opened at \$20.50 – below its offer price of \$22.50. Compared to 4Q13, IPO activity decreased 25 percent. Three additional companies – Grub Hub, JD.com, Rubicon Project, and TubeMogul – submitted their IPO filings in 1Q14, but have yet to price.

*All values as of 3/28/14. Transaction values include only reported up-front cash payments and do not account for any potential future performance-based compensation.

Quarterly M&A and Investment Activity by Segment

Most Active Digital Media/Commerce Subsegments								
Subsegment	4Q13		1Q14		1Q14 vs. 4Q13 (% Change)		LTM	
	Number of Transactions	Reported Value (\$MM)	Number of Transactions	Reported Value (\$MM)	Number of Transactions	Reported Value	Number of Transactions	Reported Value (\$MM)
eCommerce	50	3,007	92	4,774	84%	59%	309	11,552
Mobile Content/Apps	50	334	76	1,501	52%	350%	221	3,953
Classifieds/Auctions/P-to-P	14	291	32	1,375	129%	372%	73	1,769
Social Media/Apps	37	1,024	30	257	(19%)	(75%)	146	3,393
Niche Content	24	249	22	63	(8%)	(75%)	90	868
Gaming	26	1,835	20	1,420	(23%)	(23%)	76	3,875
Domain Portfolio/Marketplace	1	3	2	0	100%	NM	3	3
Web Search/Portals	2	424	0	0	NM	NM	6	932
Total	204	7,165	274	9,390	34%	31%	925	26,345

Most Active Digital Advertising Subsegments								
Subsegment	4Q13		1Q14		1Q14 vs. 4Q13 (% Change)		LTM	
	Number of Transactions	Reported Value (\$MM)	Number of Transactions	Reported Value (\$MM)	Number of Transactions	Reported Value (\$MM)	Number of Transactions	Reported Value (\$MM)
Digital Video	10	106	18	1,483	80%	1,306%	49	2,873
Mobile Marketing	6	79	16	37	167%	(52%)	34	421
Local Search	5	61	12	642	140%	959%	48	793
Ad Networks/Exchanges	4	14	11	246	175%	1,720%	27	585
Comparison Shopping	7	126	11	69	57%	(46%)	31	308
Digital Promotion/Coupon	5	264	6	154	20%	(42%)	25	604
Online Lead Generation	6	60	6	354	0%	490%	21	460
Vertical Search	13	96	6	17	(54%)	(82%)	45	308
Email Services	0	0	4	33	NM	NM	9	50
Search Marketing	6	1,002	1	18	(83%)	(98%)	20	1,053
Affiliate/CPA Network	3	3	0	0	NM	NM	6	3
Game Advertising	1	7	0	0	NM	NM	2	8
Total	66	1,816	91	3,053	38%	68%	317	7,466

Most Active Marketing Technology Subsegments								
Subsegment	4Q13		1Q14		1Q14 vs. 4Q13 (% Change)		LTM	
	Number of Transactions	Reported Value (\$MM)	Number of Transactions	Reported Value (\$MM)	Number of Transactions	Reported Value (\$MM)	Number of Transactions	Reported Value (\$MM)
Analytics & Reporting	26	580	35	368	35%	(37%)	104	1,182
Content Management	17	166	34	1,210	100%	629%	114	1,765
Social Technology	19	100	35	206	84%	107%	95	787
Mobile Technology	27	343	30	380	11%	11%	108	2,905
Commerce Management	10	62	19	905	90%	1,356%	54	2,659
BI Tools	18	192	17	1,097	(6%)	470%	67	1,645
CRM	13	37	17	196	31%	436%	69	1,470
Online Targeting/Optimization	12	248	15	127	25%	(49%)	54	888
MRM/Workflow Management	3	19	12	184	300%	872%	29	249
SEM/SEO Tools	3	10	10	25	233%	147%	21	81
Subtotal	148	1,757	224	4,698	51%	167%	715	13,630
Other	43	2,188	44	1,089	2%	(50%)	189	8,465
Total	191	3,945	268	5,787	40%	47%	904	22,095

"Other" includes Ad Serving, Content Delivery Network, Creative Production Platform, Email/Messaging Software, Market Research Software, Marketing Asset Management, MRM/Workflow Management, Product/Price Software, Search & Discovery, Segmentation/Data Mining, SEM/SEO Tools, Teleservices/eServices, Web to Print, and Website Creation/Hosting

Most Active Agency & Marketing Services Subsegments								
Subsegment	4Q13		1Q14		1Q14 vs. 4Q13 (% Change)		LTM	
	Number of Transactions	Reported Value (\$MM)	Number of Transactions	Reported Value (\$MM)	Number of Transactions	Reported Value (\$MM)	Number of Transactions	Reported Value (\$MM)
Digital Agency	19	12	19	678	0%	5,552%	75	1,091
Public Relations	4	72	6	0	50%	NM	26	110
Database/Analytics	1	0	5	16	400%	NM	10	33
Experiential Marketing	2	2	3	0	50%	NM	8	2
General Agency	0	0	3	0	NM	NM	8	122
Loyalty/Retention	1	0	3	0	200%	NM	10	30
Marketing Consulting	0	0	3	1	NM	NM	9	1
Social Agency	8	10	3	0	(63%)	NM	15	10
Ad Specialty/Premiums	1	0	2	25	100%	NM	5	25
Healthcare Agency	2	0	2	0	0%	NM	9	15
Subtotal	38	95	49	720	29%	656%	175	1,438
Other	11	2,344	23	20	109%	(99%)	53	2,392
Total	49	2,439	72	740	47%	(70%)	228	3,830

"Other" includes Branded Communications, Channel Services, Design Agency, DM Agency, Ehtnic/Multicultural Agency, Lettershop, List Broker/Manager, Media Planning/Buying, Performance/Contract Sales, Promotion Agency, Retail Services, and Specialty Agency

Most Active Traditional Media Subsegments								
Subsegment	4Q13		1Q14		1Q14 vs. 4Q13 (% Change)		LTM	
	Number of Transactions	Reported Value (\$MM)	Number of Transactions	Reported Value (\$MM)	Number of Transactions	Reported Value (\$MM)	Number of Transactions	Reported Value (\$MM)
Entertainment Media	11	36	16	1,709	45%	4,646%	49	3,557
Broadcast Television	7	1,667	4	1,710	(43%)	3%	29	10,137
Cable & Satellite Television	0	0	4	10,158	NM	NM	14	10,370
Consumer Magazine Publishing	4	0	4	4	0%	NM	23	25
B-to-B Media	6	355	3	0	(50%)	NM	23	1,366
Radio	7	31	3	147	(57%)	374%	21	861
Digital Place-Based Media	2	0	2	19	0%	NM	13	83
Shopper/Trader/Coupons	2	1,802	2	2,500	0%	39%	5	4,325
Newspaper Publishing	0	0	1	8	NM	NM	11	415
Traditional Outdoor	3	67	0	0	NM	NM	6	292
Yellow Pages	0	0	0	0	NM	NM	1	0
Total	43	3,958	42	16,375	(2%)	314%	203	31,549

About Petsky Prunier LLC

Petsky Prunier (www.petskyprunier.com) is one of the leading investment banks in the technology, media, marketing, eCommerce, and healthcare industries. Our firm's mergers and acquisitions and private placements advisory services reflect a unique blend of product specialization and industry expertise. Together with strategic consulting firm Winterberry Group, a Petsky Prunier company, our organization represents one of the largest industry-specific advisors providing strategic and transactional services. In addition, we offer international reach through our partnership with Altium. Established for more than 20 years and privately owned, Altium is an international investment bank operating from eight offices across Europe. Securities transactions are processed through Petsky Prunier Securities LLC.