

# Quarterly Industry Update

As of March 31, 2017

Industry: Digital Marketing

## Industry Summary

Cogent Valuation identified Digital Marketing publicly traded companies, IPOs, and recent M&A transactions within the Digital Marketing industry, which provides a basis for market and transaction pricing that can be used by your firm in estimating market sentiment and its impact on your firm's value. Over the last year since March 31, 2016, the median 52-week share price return of the Digital Marketing industry was 7.1%. Between March 31, 2015 and March 31, 2017, the median EV/EBITDA multiple increased from 14.0 to 17.0. However, the median price-to-earnings multiple decreased from 27.3 to 22.7 over the same period.

## Comparable Public Company Key Statistics

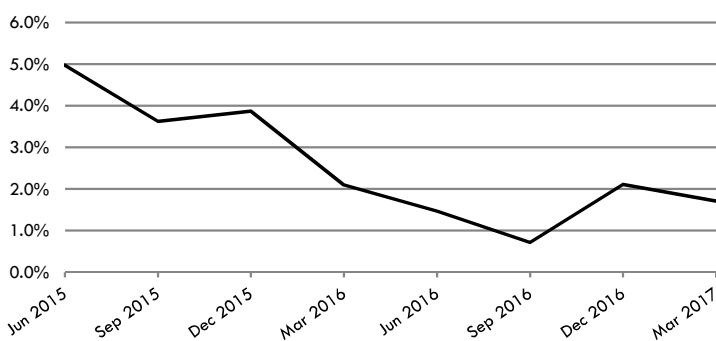
Median 52-Week Return	7.1%	Median EV/Revenue Multiple	1.8x	Median Price/Earnings Multiple	22.7x
Median 3-Year CAGR Return	-12.0%	Median EV/EBITDA Multiple	17.0x	Median EV/Gross CF Multiple	34.5x

## Comparable Public Company Market Price Returns As of March 31, 2017

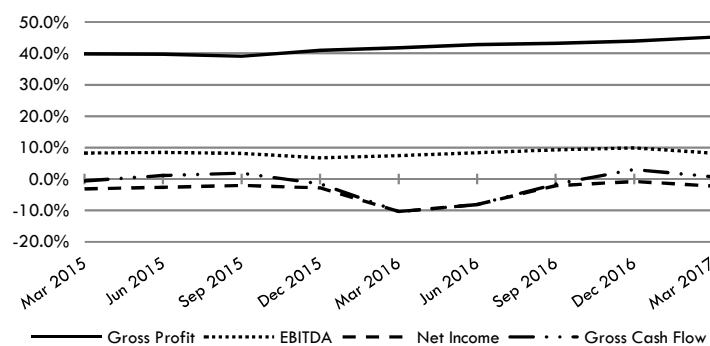
	YTD	3 Month	1 Year	2 Year	3 Year	5 Year	2016	2015	2014	2013	2012
Axiom Corporation	6.2%	6.2%	32.8%	24.1%	-6.1%	14.2%	28.1%	3.2%	-45.2%	111.8%	43.0%
Alliance Data Systems Corporation	9.0%	9.0%	13.2%	-8.3%	-3.0%	14.6%	-17.4%	-3.3%	8.8%	81.6%	39.4%
Bitauto Holdings Limited	35.2%	35.2%	3.3%	-29.1%	-10.6%	37.0%	-33.0%	-59.8%	120.3%	337.8%	82.5%
Bridgeline Digital, Inc.	29.8%	29.8%	-0.7%	-41.7%	-45.1%	-31.8%	-40.0%	-53.0%	-57.1%	-26.9%	141.7%
CDK Global, Inc.	8.9%	8.9%	39.7%	17.9%	N/A	N/A	25.7%	16.5%	N/A	N/A	N/A
ChannelAdvisor Corporation	-22.3%	-22.3%	-0.9%	7.3%	-33.4%	N/A	3.6%	-35.8%	-48.3%	N/A	N/A
Criteo S.A.	21.7%	21.7%	20.7%	12.5%	7.2%	N/A	3.7%	-2.0%	18.2%	N/A	N/A
GoDaddy Inc.	8.4%	8.4%	17.2%	N/A	N/A	N/A	9.0%	N/A	N/A	N/A	N/A
Harte Hanks, Inc.	-7.3%	-7.3%	-44.7%	-57.6%	-45.9%	-31.2%	-53.4%	-58.1%	-1.0%	32.5%	-35.1%
HubSpot, Inc.	28.8%	28.8%	38.8%	23.2%	N/A	N/A	-16.5%	67.5%	N/A	N/A	N/A
Marin Software Incorporated	-23.4%	-23.4%	-40.4%	-46.5%	-44.6%	N/A	-34.4%	-57.7%	-17.4%	N/A	N/A
MDC Partners Inc.	43.5%	43.5%	-60.2%	-42.4%	-25.6%	4.9%	-69.8%	-4.4%	-10.9%	238.6%	-16.4%
Omnicom Group Inc.	1.3%	1.3%	3.6%	5.1%	5.9%	11.2%	12.5%	-2.3%	4.2%	48.9%	12.1%
Rocket Fuel Inc.	213.5%	213.5%	70.2%	-23.7%	-50.0%	N/A	-51.0%	-78.3%	-73.8%	N/A	N/A
SharpSpring, Inc.	-12.6%	-12.6%	31.6%	-6.3%	-9.9%	-11.0%	66.8%	-48.0%	325.2%	-79.6%	27.3%
SITO Mobile, Ltd.	-30.4%	-30.4%	0.8%	-7.4%	-13.3%	2.2%	77.4%	1.6%	-61.9%	-17.3%	75.7%
The Interpublic Group of Companies, Inc.	5.0%	5.0%	7.1%	5.4%	12.8%	16.6%	0.6%	12.1%	17.3%	60.6%	13.3%
<b>Median of Industry Public Companies</b>	<b>8.4%</b>	<b>8.4%</b>	<b>7.1%</b>	<b>-6.9%</b>	<b>-12.0%</b>	<b>8.0%</b>	<b>0.6%</b>	<b>-3.9%</b>	<b>-6.0%</b>	<b>54.7%</b>	<b>33.3%</b>

(Multiple year periods are calculated as the average annual return.)

## Median Quarterly Revenue Growth of All Digital Marketing Companies



## Median Gross Profit, EBITDA, Net Income and Gross Cash Flow Margins



## Median Public Company Multiples of the Digital Marketing Industry

Date:	3/31/2015	6/30/2015	9/30/2015	12/31/2015	3/31/2016	6/30/2016	9/30/2016	12/31/2016	3/31/2017
EV/Revenues Multiple	1.7x	2.1x	1.6x	1.6x	1.6x	1.8x	1.7x	1.7x	1.8x
EV/EBITDA Multiple	14.0x	15.3x	14.2x	12.3x	10.8x	16.2x	14.8x	14.0x	17.0x
Price/Earnings Multiple	27.3x	34.1x	30.4x	34.5x	22.5x	20.1x	19.5x	19.4x	22.7x
EV/Gross Cash Flows Multiple	27.3x	24.1x	24.7x	30.1x	22.8x	28.7x	25.5x	29.5x	34.5x

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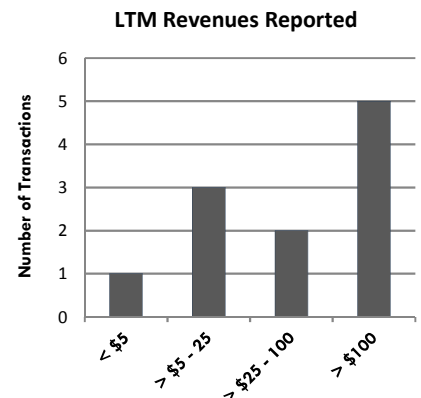
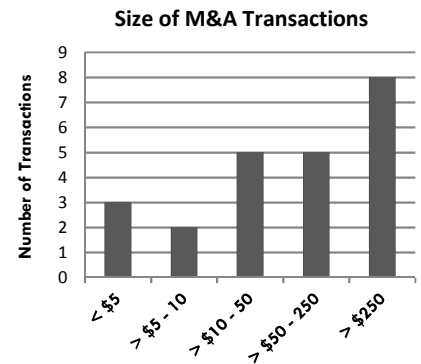
## Industry Initial Public Offerings (dollars in millions, except share prices)

Offer Date	Company Name	Offer Price	Shares Offered	Amount Raised	Total Assets	Debt	LTM Revenues	LTM EBITDA	LTM Net Income	LTM Cash Flows
6/2/2016	The Marketing Group Plc	\$1.12	1.3	\$1.4	N/A	N/A	N/A	N/A	N/A	N/A
3/31/2015	GoDaddy Inc.	\$20.00	20.5	\$460.0	\$3,264.8	\$1,437.6	\$1,387.3	\$85.8	(\$143.3)	\$141.4
10/8/2014	HubSpot, Inc.	\$25.00	5.0	\$125.0	\$52.1	\$5.2	\$93.8	(\$33.5)	(\$35.7)	(\$31.5)
7/23/2014	Townsquare Media, Inc.	\$11.00	8.3	\$91.7	\$941.9	\$653.5	\$294.3	\$66.9	\$8.4	\$81.1
3/27/2014	Everyday Health, Inc.	\$14.00	7.2	\$100.1	\$192.3	\$71.3	\$155.9	\$10.6	(\$18.2)	\$17.2
10/29/2013	Criteo S.A.	\$31.00	8.1	\$250.6	\$217.6	\$17.7	\$458.9	\$10.5	(\$10.1)	\$19.1
9/19/2013	Rocket Fuel Inc.	\$29.00	4.0	\$116.0	\$99.8	\$21.9	\$159.6	(\$12.4)	(\$19.8)	(\$10.2)
5/22/2013	ChannelAdvisor Corporation	\$14.00	5.8	\$80.5	\$48.7	\$13.0	\$56.3	(\$2.1)	(\$6.8)	\$0.2
5/16/2013	Marketo, Inc.	\$13.00	6.1	\$78.8	\$75.9	\$3.6	\$65.9	(\$35.1)	(\$37.3)	(\$33.4)
<b>Median of All IPOs</b>		<b>nm</b>	<b>nm</b>	<b>\$100.1</b>	<b>\$146.0</b>	<b>\$19.8</b>	<b>\$157.7</b>	<b>\$4.2</b>	<b>(\$19.0)</b>	<b>\$8.7</b>

nm: not meaningful, N/A: not applicable

## Recent Merger and Acquisition Transactions for a Majority Stake (dollars in millions)

Transaction Date	Target	Acquirer	Transaction Size	% Bought	LTM Revenues	EV/Revenues
2/28/2017	Lionbridge Technologies, Inc.	H.I.G. Capital, LLC	\$459.1	100%	\$556.6	0.8x
1/5/2017	unitb technology GmbH	USU Software AG	\$5.4	100%	N/A	N/A
12/23/2016	Creston plc	RedWhiteBlue Champion	\$65.7	72%	\$136.4	0.7x
12/2/2016	Everyday Health, Inc.	Ziff Davis, LLC	\$489.4	100%	\$253.9	1.8x
11/8/2016	Cohort Holdings Australia	Pureprofile Ltd.	\$28.3	100%	\$20.9	1.4x
10/19/2016	GovDelivery, Inc.	Vista Equity Partners III	\$153.0	100%	N/A	N/A
9/28/2016	TRADER Corporation	Thoma Bravo, LLC	\$1,220.0	100%	N/A	N/A
9/1/2016	Income Access Group	Paysafe Group Plc	\$30.6	100%	N/A	N/A
8/16/2016	Marketo, Inc.	Vista Equity Partners	\$1,801.1	100%	\$226.1	7.5x
7/7/2016	Massive Group Pty Ltd.	Jaywing plc	\$3.0	75%	\$1.2	2.8x
5/31/2016	Italiaonline S.p.A.	Seat Pagine Gialle	\$490.7	100%	N/A	N/A
5/27/2016	SFX Marketing LLC	Universal Music Group	\$1.4	100%	N/A	N/A
5/9/2016	Tangent Communications	Portland Asset Mgmt.	\$16.1	100%	\$37.5	0.4x
4/13/2016	ClickADV srl	Cerved Group Spa	\$15.9	70%	\$8.8	2.3x
3/31/2016	Grupo ABC Ltda.	DDB Worldwide	\$270.0	100%	N/A	N/A
3/22/2016	Conversion Innovations	Propel Business Services	\$11.8	100%	N/A	N/A
3/11/2016	Publitek Limited	Next Fifteen Communications	\$8.9	100%	\$8.5	1.1x
3/9/2016	Yodle, Inc.	Web.com Group, Inc.	\$428.2	100%	\$207.9	2.0x
2/25/2016	Marketwire, L.P.	Nasdaq, Inc.	\$108.3	100%	N/A	N/A
1/8/2016	Vacation Technologies	IBC Hotels LLC	\$1.0	100%	N/A	N/A
11/12/2015	MIAGE	Leo Group Co., Ltd.	\$249.8	100%	\$50.2	5.0x
10/28/2015	Avazu Inc.	Dalian Kemian Wood	\$333.6	100%	N/A	N/A
10/15/2015	Square One Advertising	Ansira, Inc.	\$55.0	100%	N/A	N/A
<b>Median of the 23 M&amp;A Transaction Targets</b>			<b>\$65.7</b>	<b>100%</b>	<b>\$50.2</b>	<b>1.8x</b>



### Definitions of Financial Terms Used in this Quarterly Industry Update:

Enterprise Value (EV): Market Value of Equity + Market Value of Debt - Cash

Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA): Profitability metric sometimes also referred to as operating profit or operating earnings.

Gross Cash Flows: Net Income + Depreciation and Amortization Expense

Latest Twelve Months (LTM): Financial information is as of the latest twelve months through the date of this Quarterly Industry Update.

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