

Q2: Quarterly Industry Update

AS OF JUNE 30, 2017

Digital Marketing

INDUSTRY SUMMARY

COGENT VALUATION identified 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 June 30, 2016, the median 52-week share price return of the Digital Marketing industry was 6.5%. Between June 30, 2015 and June 30, 2017, the median EV/EBITDA multiple increased from 15.3 to 17.1. However, the median price-to-earnings multiple decreased from 34.1 to 22.4 over the same period.

Public Company Key Statistics

Median 52-Week
Return

6.5%

Median 3-Year CAGR
Return

-12.8%

Median EV/Revenue
Multiple

2.2x

Median EV/EBITDA
Multiple

17.1x

Median Price/Earnings
Multiple

22.4x

Median EV/Gross CF
Multiple

26.6x

Comparable Public Company Market Price Returns as of June 30, 2017

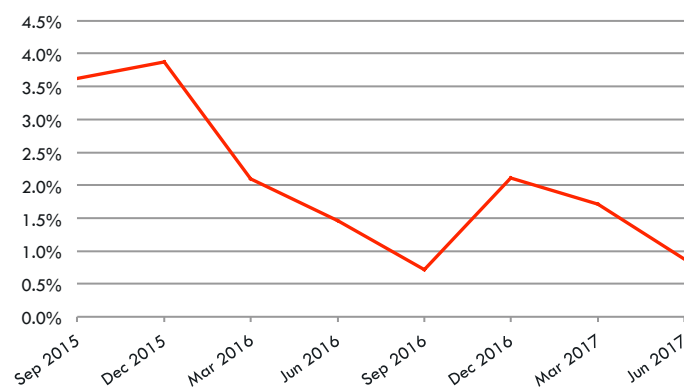
	YTD	3 Month	1 Year	2 Year	3 Year	2016	2015	2014
Acxiom Corporation	-3.1%	-8.7%	18.1%	21.6%	6.2%	28.1%	3.2%	-45.2%
Alliance Data Systems Corporation	12.3%	3.1%	31.0%	-6.2%	-3.0%	-17.4%	-3.3%	8.8%
Bitauto Holdings Limited	51.8%	12.3%	6.6%	-25.0%	-16.1%	-33.0%	-59.8%	120.3%
Bridgeline Digital, Inc.	-12.8%	-32.9%	-47.2%	-44.1%	-49.7%	-40.0%	-53.0%	-57.1%
CDK Global, Inc.	4.0%	-4.5%	11.8%	7.2%	N/A	25.7%	16.5%	N/A
HubSpot, Inc.	39.9%	8.6%	51.4%	15.2%	N/A	-16.5%	67.5%	N/A
Marin Software Incorporated	-44.7%	-27.8%	-44.7%	-56.1%	-52.0%	-34.4%	-57.7%	-17.4%
MDC Partners Inc.	51.1%	5.3%	-45.9%	-29.1%	-22.8%	-69.8%	-4.4%	-10.9%
Omnicom Group Inc.	-2.6%	-3.8%	1.7%	9.2%	5.2%	12.5%	-2.3%	4.2%
Rocket Fuel Inc.	60.8%	-48.7%	23.9%	-42.1%	-55.4%	-51.0%	-78.3%	-73.8%
SharpSpring, Inc.	-14.0%	-1.6%	-13.4%	-11.9%	-9.4%	66.8%	-48.0%	325.2%
Median of Industry Public Companies	4.0%	-1.6%	6.5%	-1.7%	-12.8%	0.6%	-3.9%	-6.0%

Multiple year periods are calculated as the average annual return.

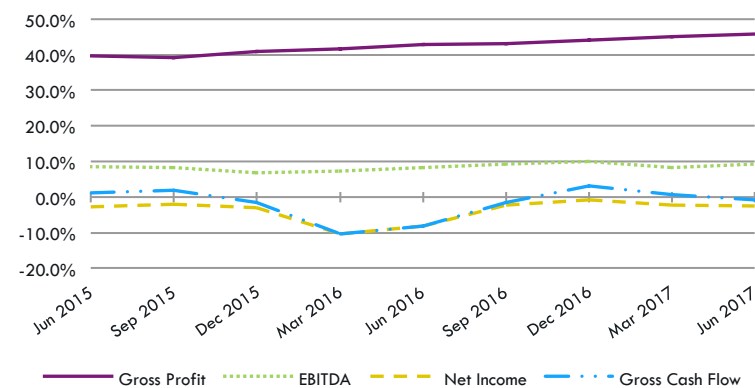
■ Highest Return
 ■ Lowest Return
 ■ Median Return

Industry Revenue Growth and Profit Margins for the Past Two Years

Median Quarterly Revenue Growth of All Digital Marketing Companies



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



Median Public Companies

The chart below illustrates Public Company Multiples.

	6/30/17	3/31/17	12/31/16	9/30/16	6/30/16	3/31/16	12/31/15	9/30/15
EV/Revenues Multiple	2.2x	1.8x	1.7x	1.7x	1.8x	1.6x	1.6x	1.6x
EV/EBITDA Multiple	17.1x	17.0x	14.0x	14.8x	16.2x	10.8x	12.3x	14.2x
Price/Earnings Multiple	22.4x	22.7x	19.4x	19.5x	20.1x	22.5x	34.5x	30.4x
EV/Gross Cash Flows Multiple	26.6x	34.5x	29.5x	25.5x	28.7x	22.8x	30.1x	24.7x

■ Highest Multiple
 ■ Lowest Multiple
 ■ Median Multiple

Industry Initial Public Offerings—Industry: Digital Marketing (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
5/9/17	Ayima Group AB (publ)	\$2.37	0.5	\$1.3	\$4.3	\$0.0	\$13.3	\$0.0	\$0.8	\$0.0
6/2/16	The Marketing Group Plc	\$1.12	1.3	\$1.4	N/A	N/A	N/A	N/A	N/A	N/A
3/31/15	GoDaddy Inc.	\$20.00	20.5	\$460.0	\$3,264.8	\$1,437.6	\$1,387.3	\$85.8	(\$143.3)	\$141.4
10/8/14	HubSpot, Inc.	\$25.00	5.0	\$125.0	\$52.1	\$5.2	\$93.8	(\$33.5)	(\$35.7)	(\$31.5)
7/23/14	Townsquare Media, Inc.	\$11.00	8.3	\$91.7	\$941.9	\$653.5	\$294.3	\$66.9	\$8.4	\$81.1
3/27/14	Everyday Health, Inc.	\$14.00	7.2	\$100.1	\$192.3	\$71.3	\$155.9	\$10.6	(\$18.2)	\$17.2
10/29/13	Criteo S.A.	\$31.00	8.1	\$250.6	\$217.6	\$17.7	\$458.9	\$10.5	(\$10.1)	\$19.1
9/19/13	Rocket Fuel Inc.	\$29.00	4.0	\$116.0	\$99.8	\$21.9	\$159.6	(\$12.4)	(\$19.8)	(\$10.2)
5/22/13	ChannelAdvisor Corporation	\$14.00	5.8	\$80.5	\$48.7	\$13.0	\$56.3	(\$2.1)	(\$6.8)	\$0.2
6/29/17	Median of all IPOs	nm	nm	\$100.1	\$146.0	\$19.8	\$157.7	\$5.3	(\$14.2)	\$8.7

Multiple year periods are calculated as the average annual return.

■ Highest Return
 ■ Lowest Return
 ■ Median Return

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

Transaction Date	Target	Acquirer	Transaction Size	% Bought	LTM Revenues	EV/ Revenues
6/22/17	React2Media, LLC	Antevenio, S.A.	\$2.3	51%	\$5.6	0.8x
6/14/17	The Native AG	5EL S.A.	\$8.2	100%	N/A	N/A
4/10/17	Turn Inc.	Amobee, Inc.	\$310.0	100%	N/A	N/A
2/28/17	Lionbridge Technologies, Inc.	H.I.G. Capital, LLC	\$459.1	100%	\$556.6	0.8x
1/5/17	unitb technology GmbH	USU Software AG	\$5.4	100%	N/A	N/A
12/23/16	Creston plc	RedWhiteBlue Champion	\$65.7	72%	\$136.4	0.7x
12/2/16	Everyday Health, Inc.	Ziff Davis, LLC	\$489.4	100%	\$253.9	1.8x
10/19/16	GovDelivery, Inc.	Vista Equity Partners III	\$153.0	100%	N/A	N/A
9/28/16	TRADER Corporation	Thoma Bravo, LLC	\$1,220.0	100%	N/A	N/A
9/1/16	Income Access Group	Paysafe Group Plc	\$30.6	100%	N/A	N/A
8/16/16	Marketo, Inc.	Vista Equity Partners	\$1,801.1	100%	\$226.1	7.5x
7/7/16	Massive Group Pty Ltd.	Jaywing plc	\$3.0	75%	\$1.2	2.8x

 USA

 International

 Highest

 Lowest

 Median

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

(Continued from previous page)

Transaction Date	Target	Acquirer	Transaction Size	% Bought	LTM Revenues	EV/ Revenues
5/31/16	Italiaonline S.p.A.	Seat Pagine Gialle	\$490.7	100%	N/A	N/A
5/9/16	Tangent Communications	Portland Asset Mgmt.	\$16.1	100%	\$37.5	0.4x
4/13/16	ClickADV srl	Cerved Group Spa	\$15.9	70%	\$8.8	2.3x
3/31/16	Grupo ABC Ltda.	DDB Worldwide Communications	\$270.0	100%	N/A	N/A
3/22/16	Conversion Innovations	Propel Business Services	\$11.8	100%	N/A	N/A
3/11/16	Publitek Limited	Next Fifteen Communications	\$8.9	100%	\$8.5	1.1x
3/9/16	Yodle, Inc.	Web.com Group, Inc.	\$428.2	100%	\$207.9	2.0x
2/25/16	Marketwire, L.P.	Nasdaq, Inc.	\$108.3	100%	N/A	N/A
Median of the 20 M&A Transaction Targets			\$87.0	100%	\$86.9	1.4x

■ USA

■ International

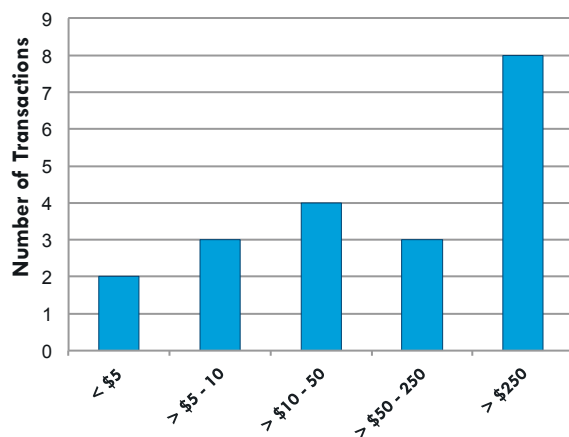
■ Highest

■ Lowest

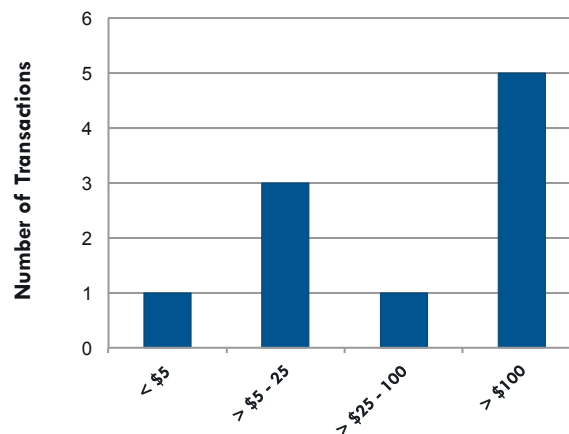
■ Median

Recent Merger and Acquisition Transactions for a Majority Stake (dollars in millions) as of June 30, 2017

Size of M&A Transactions



LTM Revenues Reported



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This industry research is provided at no charge to Cogent Valuation's clients. Research or detailed information not covered in this report can be obtained for a fee. **Contact Steven Kam at 415-392-0888** for additional information or questions in connection with this research report.

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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