

## 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 December 31, 2016, the median 52-week share price return of the Digital Marketing industry was -5.5%. Between December 31, 2015 and December 31, 2017, the median EV/EBITDA multiple decreased from 16.4 to 9.7. Furthermore, the median price-to-earnings multiple decreased from 28.2 to 18.3 over the same period. The median revenue growth and EBITDA margins for the industry for the quarter were 1.8% and 6.6%, respectively.

### Public Company Key Statistics

Median 52-Week  
Return

**-5.5%**

Median 3-Year CAGR  
Return

**-10.2%**

Median EV/Revenue  
Multiple

**2.5x**

Median EV/EBITDA  
Multiple

**9.7x**

Median Price/Earnings  
Multiple

**18.3x**

Median EV/Gross CF  
Multiple

**27.7x**

## Comparable Public Company Market Price Returns as of December 31, 2017

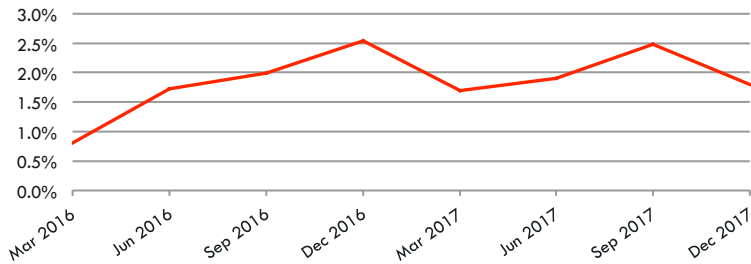
	YTD	3 Month	1 Year	2 Year	3 Year	2016	2015	2014
<b>Acxiom Corporation</b>	2.8%	11.9%	2.8%	14.8%	10.8%	28.1%	3.2%	-45.2%
<b>Alliance Data Systems Corporation</b>	10.9%	14.4%	10.9%	-4.3%	-3.9%	-17.4%	-3.3%	8.8%
<b>Bitauto Holdings Limited</b>	67.9%	-28.8%	67.9%	6.0%	-23.3%	-33.0%	-59.8%	120.3%
<b>Bridgeline Digital, Inc.</b>	-24.4%	-15.4%	-24.4%	-32.6%	-40.2%	-40.0%	-53.0%	-57.1%
<b>CDK Global, Inc.</b>	19.4%	13.0%	19.4%	22.5%	20.5%	25.7%	16.5%	N/A
<b>ChannelAdvisor Corporation</b>	-37.3%	-21.7%	-37.3%	-19.4%	-25.3%	3.6%	-35.8%	-48.3%
<b>Criteo S.A.</b>	-36.6%	-37.3%	-36.6%	-18.9%	-13.6%	3.7%	-2.0%	18.2%
<b>GoDaddy Inc.</b>	43.9%	15.6%	43.9%	25.2%	N/A	9.0%	N/A	N/A
<b>Harte Hanks, Inc.</b>	-37.2%	-11.3%	-37.2%	-45.9%	-50.3%	-53.4%	-58.1%	-1.0%
<b>HubSpot, Inc.</b>	88.1%	5.2%	88.1%	25.3%	38.0%	-16.5%	67.5%	N/A
<b>Marin Software Incorporated</b>	-33.4%	-10.6%	-33.4%	-33.9%	-43.0%	-34.4%	-57.7%	-17.4%
<b>Median of Industry Public Companies</b>	-8.1%	-5.2%	-7.5%	11.7%	14.2%	28.1%	3.2%	-45.2%

Multiple year periods are calculated as the average annual return.

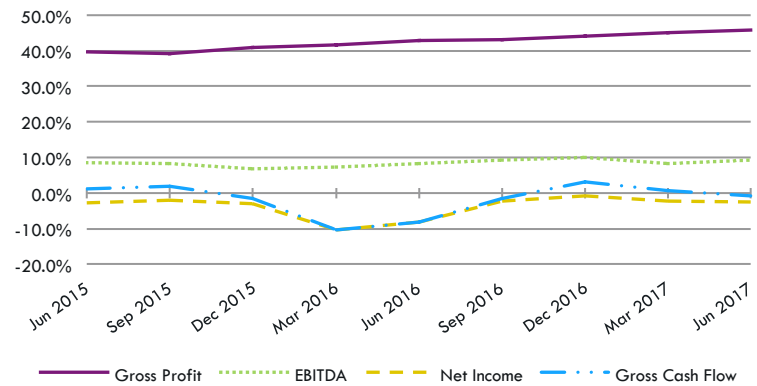
■ Highest Return
 ■ Lowest Return
 ■ Median Return

# 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**



## Public Company Median Multiples by Quarter

	12/31/17	9/30/17	6/30/17	3/31/17	12/31/16	9/30/16	6/30/16	3/31/16
<b>EV/Revenues Multiple</b>	2.5x	2.1x	2.3x	2.0x	2.5x	2.1x	1.9x	1.6x
<b>EV/EBITDA Multiple</b>	9.7x	11.6x	17.3x	16.9x	16.3x	13.5x	15.7x	16.4x
<b>Price/Earnings Multiple</b>	18.3x	22.6x	28.4x	22.3x	21.4x	18.0x	18.9x	22.0x
<b>EV/Gross Cash Flows Multiple</b>	27.7x	30.4x	30.1x	27.4x	25.4x	23.3x	26.2x	26.6x

■ 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	<b>Ayima Group AB (publ)</b>	\$2.37	0.5	\$1.3	\$4.3	\$0.0	\$13.3	\$0.0	\$0.8	\$0.0
6/2/16	<b>The Marketing Group Plc</b>	\$1.12	1.3	\$1.4	N/A	N/A	N/A	N/A	N/A	N/A
3/31/15	<b>GoDaddy Inc.</b>	\$20.00	20.5	\$460.0	\$3,264.8	\$1,437.6	\$1,387.3	\$100.1	(\$143.3)	\$155.5
10/8/14	<b>HubSpot, Inc.</b>	\$25.00	5.0	\$125.0	\$52.1	\$5.2	\$93.8	(\$34.8)	(\$35.7)	(\$32.7)
7/23/14	<b>Townsquare Media, Inc.</b>	\$11.00	8.3	\$91.7	\$941.9	\$653.5	\$294.3	\$79.6	\$8.4	\$94.4
3/27/14	<b>Everyday Health, Inc.</b>	\$14.00	7.2	\$100.1	\$192.3	\$71.3	\$155.9	\$10.6	(\$18.2)	\$17.2
10/29/13	<b>Criteo S.A.</b>	\$31.00	8.1	\$250.6	\$217.6	\$17.7	\$458.9	\$18.5	(\$10.1)	\$30.1
9/19/13	<b>Rocket Fuel Inc.</b>	\$29.00	4.0	\$116.0	\$99.8	\$21.9	\$159.6	(\$12.4)	(\$19.8)	(\$10.2)
5/22/13	<b>ChannelAdvisor Corporation</b>	\$14.00	5.8	\$80.5	\$48.7	\$13.0	\$56.3	(\$2.1)	(\$6.8)	(\$0.0)
6/29/17	<b>Median of all IPOs</b>	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
11/17/17	Astute Media Ltd	Antevenio, S.A.	\$2.3	51%	\$5.6	0.8x
11/1/17	Acquisio, Inc.	5EL S.A.	\$8.2	100%	N/A	N/A
9/29/17	Global Messaging Solutions	Amobee, Inc.	\$310.0	100%	N/A	N/A
9/11/17	SellNet Media LLC	H.I.G. Capital, LLC	\$459.1	100%	\$556.6	0.8x
8/11/17	Blackfox, Inc.	USU Software AG	\$5.4	100%	N/A	N/A
8/1/17	Parscale Creative, Inc.	RedWhiteBlue Champion	\$65.7	72%	\$136.4	0.7x
7/5/17	Orchidia Marketing SA	Ziff Davis, LLC	\$489.4	100%	\$253.9	1.8x
6/22/17	React2Media, LLC	Vista Equity Partners III	\$153.0	100%	N/A	N/A
6/14/17	The Native AG	Thoma Bravo, LLC	\$1,220.0	100%	N/A	N/A
9/1/16	Turn Inc.	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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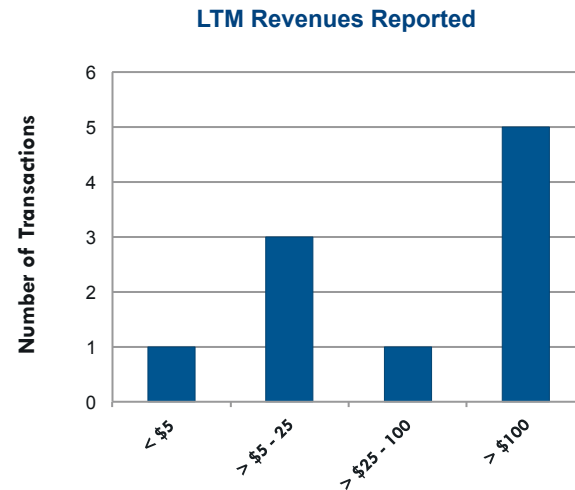
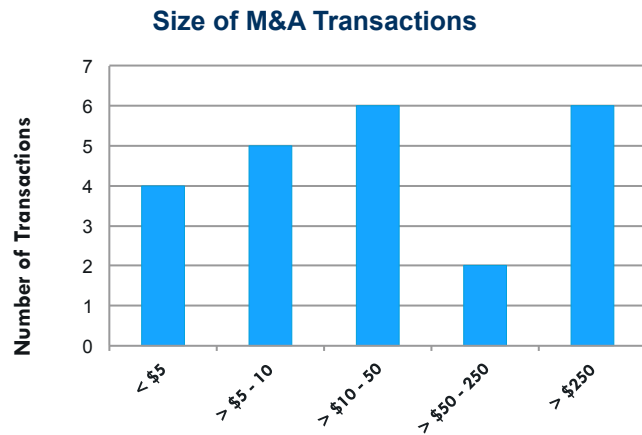
## Recent Merger and Acquisition Transactions for a Majority Stake (dollars in millions)

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Transaction Date	Target	Acquirer	Transaction Size	% Bought	LTM Revenues	EV/ Revenues
5/31/16	<b>Italiaonline S.p.A.</b>	Seat Pagine Gialle	\$490.7	100%	N/A	N/A
5/9/16	<b>Tangent Communications</b>	Portland Asset Mgmt.	\$16.1	100%	\$37.5	0.4x
4/13/16	<b>ClickADV srl</b>	Cerved Group Spa	\$15.9	70%	\$8.8	2.3x
3/31/16	<b>Grupo ABC Ltda.</b>	DDB Worldwide Communications	\$270.0	100%	N/A	N/A
3/22/16	<b>Conversion Innovations</b>	Propel Business Services	\$11.8	100%	N/A	N/A
3/11/16	<b>Publitek Limited</b>	Next Fifteen Communications	\$8.9	100%	\$8.5	1.1x
3/9/16	<b>Yodle, Inc.</b>	Web.com Group, Inc.	\$428.2	100%	\$207.9	2.0x
2/25/16	<b>Marketwire, L.P.</b>	Nasdaq, Inc.	\$108.3	100%	N/A	N/A
<b>Median of the 20 M&amp;A Transaction Targets</b>			<b>\$20.0</b>	<b>100%</b>	<b>\$37.5</b>	<b>.8x</b>

USA
  International
  Highest
  Lowest
  Median

## Recent Merger and Acquisition Transactions for a Majority Stake (dollars in millions) as of December 31, 2017





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**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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