

## 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, 2017, the median 52-week share price return of the Digital Marketing industry was -16.6%. Between March 31, 2016 and March 31, 2018, the median EV/EBITDA multiple decreased from 16.4 to 9.2. Furthermore, the median price-to-earnings multiple decreased from 22.0 to 16.9 over the same period. The median revenue growth and EBITDA margins for the industry for the quarter were 1.6% and 5.9%, respectively.

### Public Company Key Statistics

Median 52-Week  
Return

**-16.6%**

Median 3-Year CAGR  
Return

**-2.3%**

Median EV/Revenue  
Multiple

**1.9x**

Median EV/EBITDA  
Multiple

**9.2x**

Median Price/Earnings  
Multiple

**16.9x**

Median EV/Gross CF  
Multiple

**15.2x**

## Comparable Public Company Market Price Returns as of March 31, 2018

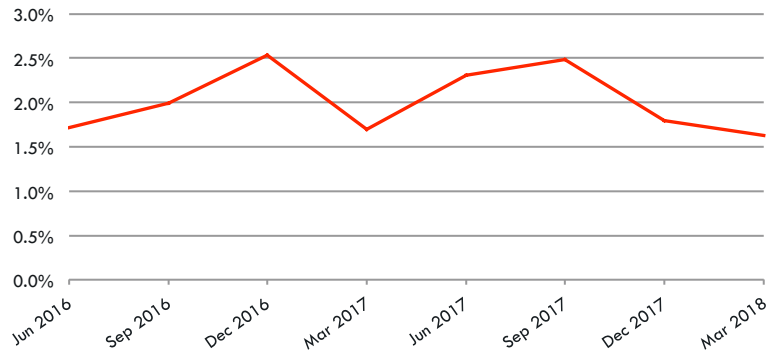
	YTD	3 Month	1 Year	2 Year	2017	2016	2015	2014
<b>Acxiom Corporation</b>	-17.6%	-17.6%	2.8%	14.8%	2.8%	28.1%	3.2%	-45.2%
<b>Alliance Data Systems Corporation</b>	-16.0%	-16.0%	10.9%	-4.3%	10.9%	-17.4%	-3.3%	8.8%
<b>Bitauto Holdings Limited</b>	-33.5%	-33.5%	67.9%	6.0%	67.9%	-33.0%	-59.8%	120.3%
<b>Bridgeline Digital, Inc.</b>	-15.2%	-15.2%	-24.4%	-32.6%	-24.4%	-40.0%	-53.0%	-57.1%
<b>CDK Global, Inc.</b>	-11.1%	-11.1%	19.4%	22.5%	19.4%	25.7%	16.5%	N/A
<b>ChannelAdvisor Corporation</b>	1.1%	1.1%	-37.3%	-19.4%	-37.3%	3.6%	-35.8%	-48.3%
<b>Criteo S.A.</b>	-0.7%	-0.7%	-36.6%	-18.9%	-36.6%	3.7%	-2.0%	18.2%
<b>GoDaddy Inc.</b>	22.2%	22.2%	43.9%	25.2%	43.9%	9.0%	N/A	N/A
<b>Harte Hanks, Inc.</b>	-3.5%	-3.5%	-37.2%	-45.9%	-37.2%	-53.4%	-58.1%	-1.0%
<b>HubSpot, Inc.</b>	22.5%	22.5%	88.1%	25.3%	88.1%	-16.5%	67.5%	N/A
<b>Marin Software Incorporated</b>	-39.3%	-39.3%	-33.4%	-33.9%	-33.4%	-34.4%	-57.7%	-17.4%
<b>Median of Industry Public Companies</b>	-26.2%	-26.2%	-7.5%	11.7%	48.9%	28.1%	3.2%	-45.2%

Multiple year periods are calculated as the average annual return.

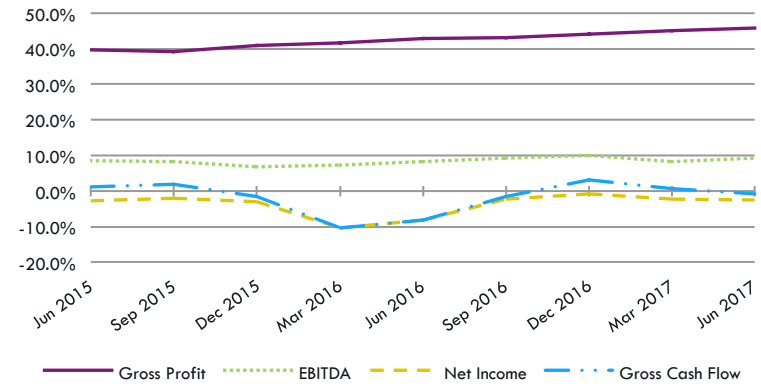
■ Highest Return
 ■ Lowest Return
 ■ Median Return

# 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

	3/31/18	12/31/17	9/30/17	6/30/17	12/31/16	9/30/16	6/30/16	3/31/16
<b>EV/Revenues Multiple</b>	1.9x	2.4x	2.1x	2.4x	2.5x	2.1x	1.9x	1.6x
<b>EV/EBITDA Multiple</b>	9.2x	12.2x	11.6x	17.3x	16.3x	13.5x	15.7x	16.4x
<b>Price/Earnings Multiple</b>	16.9x	17.8x	22.6x	28.4x	21.4x	18.0x	18.9x	22.0x
<b>EV/Gross Cash Flows Multiple</b>	15.2x	21.0x	30.4x	30.1x	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	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	\$100.1	(\$143.3)	\$155.5
10/8/14	HubSpot, Inc.	\$25.00	5.0	\$125.0	\$52.1	\$5.2	\$93.8	(\$34.8)	(\$35.7)	(\$32.7)
7/23/14	Townsquare Media, Inc.	\$11.00	8.3	\$91.7	\$941.9	\$653.5	\$294.3	\$79.6	\$8.4	\$94.4
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	\$18.5	(\$10.1)	\$30.1
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)	(\$0.0)
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
3/27/18	Online Automotive Solutions	UpCurve Inc.	\$4.0	51%	N/A	0.8x
2/28/18	3Q Digital, Inc.	N/A	\$45.0	100%	N/A	N/A
2/22/18	AboveNation Media, LLC	Huntsworth plc	\$1.8	100%	\$1.3	N/A
2/21/18	Dealer Inspire, Inc.	Cars.com Inc.	\$205.0	100%	\$41.0	0.8x
1/19/18	Azimut SAS	CNP Assurances SA	\$12.3	100%	\$3.7	N/A
1/19/18	3D Discovery Co. Limited	Double Affirm Limited	\$0.4	72%	N/A	0.7x
11/17/17	Astute Media Ltd	AXL Affiliates Ltd	\$29.2	100%	N/A	1.8x
6/22/17	React2Media, LLC	Web.com Group, Inc.	\$9.7	100%	N/A	N/A
6/14/17	The Native AG	Ziff Davis	\$16.6	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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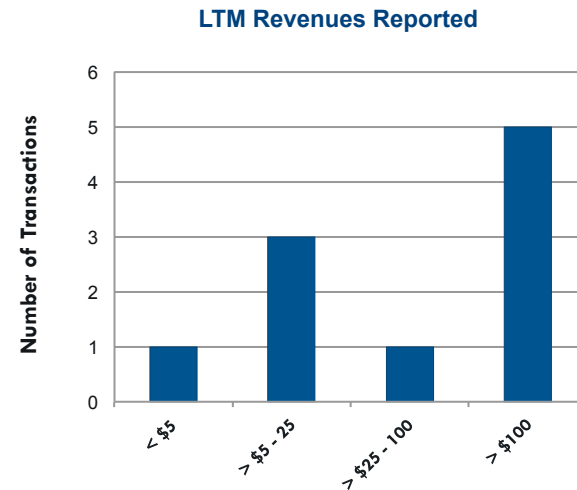
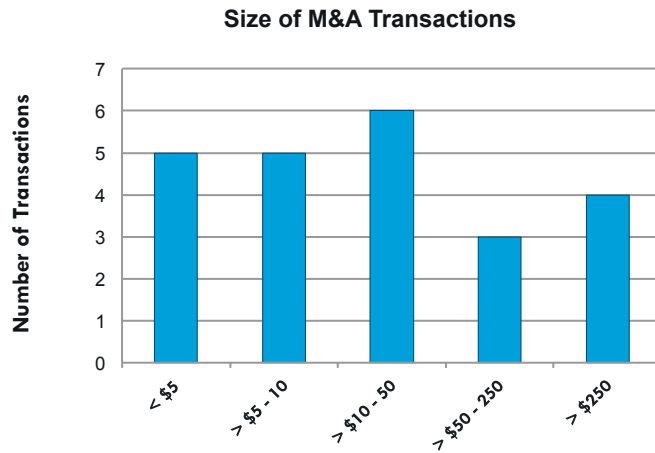
## Recent Merger and Acquisition Transactions for a Majority Stake (dollars in millions)

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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 March 31, 2018





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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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