

Q1: Quarterly Industry Update

AS OF March 31, 2019



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, 2018, the median 52-week share price return of the Digital Marketing industry was -16.6%. Between March 31, 2017 and March 31, 2019, the median EV/EBITDA multiple decreased from 16.9 to 9.2. Furthermore, the median price-to-earnings multiple decreased from 22.3 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, 2019

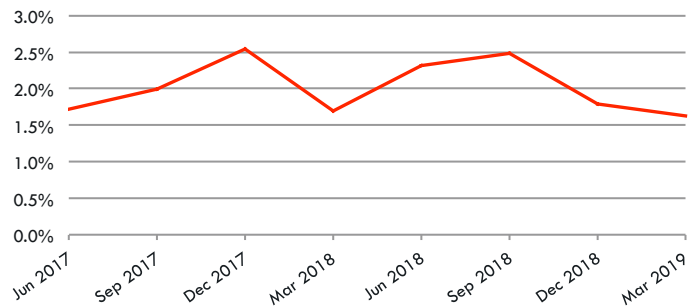
	2019	3 Month	1 Year	2 Year	2018	2017	2016	2015
Alliance Data Systems Corporation	-17.6%	-17.6%	-20.2%	14.8%	2.8%	28.1%	3.2%	-45.2%
Bitauto Holdings Limited	-16.0%	-16.0%	-14.5%	-4.3%	10.9%	-17.4%	-3.3%	8.8%
Bridgeline Digital, Inc.	-33.5%	-33.5%	-17.4%	6.0%	67.9%	-33.0%	-59.8%	120.3%
CDK Global, Inc.	-15.2%	-15.2%	-50.6%	-32.6%	-24.4%	-40.0%	-53.0%	-57.1%
ChannelAdvisor Corporation	-11.1%	-11.1%	-2.6%	22.5%	19.4%	25.7%	16.5%	N/A
Criteo S.A.	1.1%	1.1%	-18.4%	-19.4%	-37.3%	3.6%	-35.8%	-48.3%
GoDaddy Inc.	-0.7%	-0.7%	-48.3%	-18.9%	-36.6%	3.7%	-2.0%	18.2%
Harte Hanks, Inc.	22.2%	22.2%	62.1%	25.2%	43.9%	9.0%	N/A	N/A
HubSpot, Inc.	-3.5%	-3.5%	-37.2%	-45.9%	-37.2%	-53.4%	-58.1%	-1.0%
MDC Partners Inc.	22.5%	22.5%	88.1%	25.3%	98.1%	-16.5%	67.5%	N/A
Omnicom Group Inc.	-39.3%	-39.3%	-33.4%	-33.9%	-33.4%	-34.4%	-57.7%	-17.4%
Median of Industry Public Companies	-26.2%	-26.2%	-7.5%	11.7%	48.9%	28.1%	3.2%	-10.9%

Multiple year periods are calculated as the average annual return.

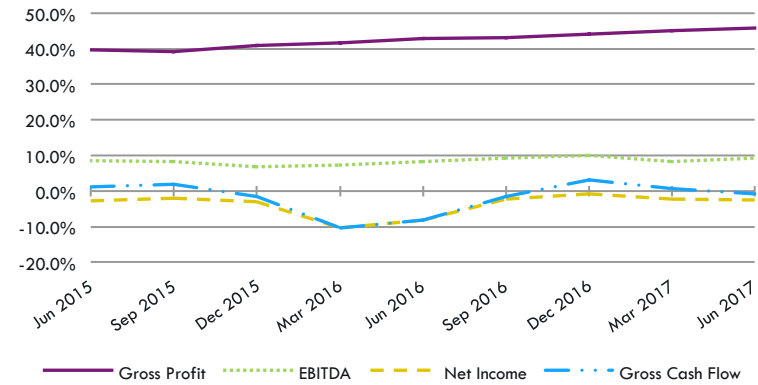
■ Highest Return
 ■ Lowest Return
 ■ Median Return

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

	3/31/19	12/31/18	9/30/18	6/30/18	3/31/18	12/31/17	9/30/17	6/30/17
EV/Revenues Multiple	1.9x	2.4x	2.1x	2.4x	2.0x	2.5x	2.1x	1.9x
EV/EBITDA Multiple	9.2x	12.2x	11.6x	17.3x	16.9x	16.3x	13.5x	15.7x
Price/Earnings Multiple	16.9x	17.8x	22.6x	28.4x	22.3x	21.4x	18.0x	18.9x
EV/Gross Cash Flows Multiple	15.2x	21.0x	30.4x	30.1x	27.5x	25.4x	23.3x	26.2x

■ 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
3/9/19	Ayima Group AB (publ)	\$2.37	0.5	\$1.3	\$4.3	\$0.0	\$13.4	(\$0.2)	\$0.8	\$0.0
12/2/18	The Marketing Group Plc	\$1.12	1.3	\$1.4	N/A	N/A	N/A	N/A	N/A	N/A
3/31/18	GoDaddy Inc.	\$20.00	20.5	\$460.0	\$3,264.8	\$1,437.6	\$1,443.4	\$100.1	(\$143.3)	\$155.5
10/8/14	HubSpot, Inc.	\$25.00	5.0	\$125.0	\$52.1	\$5.2	\$104.1	(\$34.8)	(\$35.7)	(\$32.7)
7/23/14	Townsquare Media, Inc.	\$11.00	8.3	\$91.7	\$941.9	\$653.5	\$328.1	\$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	\$534.1	\$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)
	Median of all IPOs	nm	nm	\$100.1	\$146.0	\$19.8	\$157.7	\$5.2	(\$14.2)	\$8.7

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

Transaction Date	Target	Acquirer	Transaction Size	% Bought	LTM Revenues	EV/ Revenues
3/21/19	Online Automotive Solutions	UpCurve Inc.	\$4.0	100%	N/A	N/A
2/21/19	3Q Digital, Inc.	N/A	\$45.0	100%	N/A	N/A
1/13/19	AboveNation Media, LLC	Huntsworth plc	\$1.8	75%	\$1.3	1.8x
11/2/18	Eleven Inc.	Vista Equity Partners	\$80.0	100%	\$41.0	0.8x
11/1/18	XCOM Media Pty Ltd	OtherLevels Holdings Limited	\$1.5	100%	\$3.7	N/A
10/31/18	Marketo, Inc.	Adobe Systems Incorporated (nka:Adobe Inc.)	\$4,750.0	72%	N/A	0.7x
9/28/18	VIXIA INC.	Nadia Inc.	\$0.7	100%	N/A	1.8x
9/18/18	EPiServer AB	Insight Venture Partners LLC	\$1,160.0	100%	N/A	N/A
9/17/18	The Digital Agency Private Limited	Noble Infotech Applications Private Limited	\$0.7	100%	N/A	N/A
3/27/18	Online Automotive Solutions	RealPage, Inc.	\$117.0	100%	N/A	N/A
2/28/18	3Q Digital, Inc.	N/A	\$45.0	100%	\$226.1	7.5x
2/22/18	AboveNation Media, LLC	Jaywing plc	\$1.8	75%	\$1.2	2.8x

■ USA
 ■ International
 ■ Highest
 ■ Lowest
 ■ Median

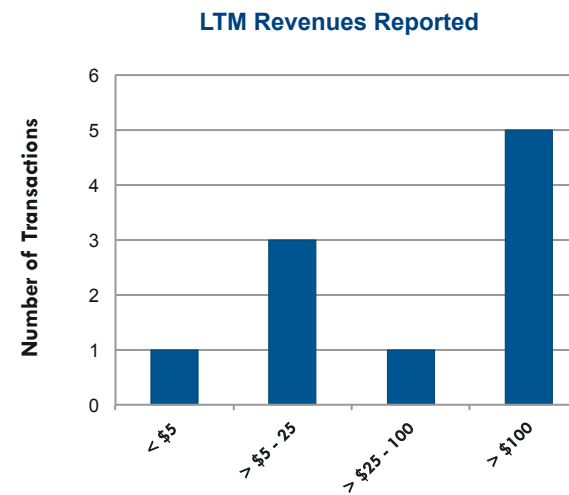
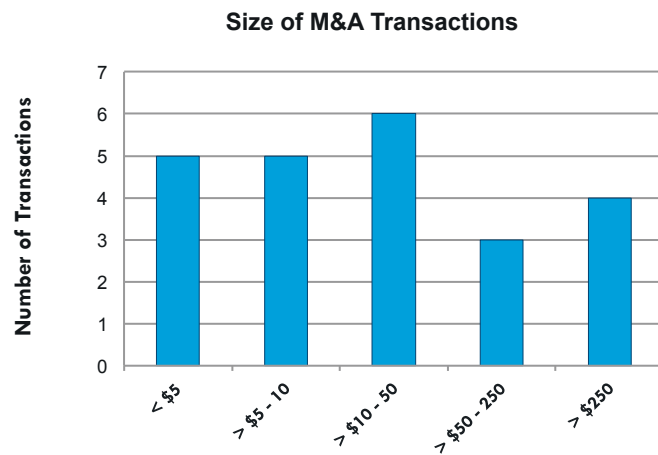
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Recent Merger and Acquisition Transactions for a Majority Stake (dollars in millions)

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Transaction Date	Target	Acquirer	Transaction Size	% Bought	LTM Revenues	EV/ Revenues
5/31/16	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 M&A Transaction Targets		\$20.0	100%	\$37.5	.8x

Recent Merger and Acquisition Transactions for a Majority Stake (dollars in millions) as of March 31, 2019



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): 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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