

# Q3: Quarterly Industry Update

AS OF September 30, 2019



## Online Review Sites

### INDUSTRY SUMMARY

COGENT VALUATION identified **Online Review Sites** publicly traded companies, IPOs, and recent M&A transactions within the Online Review Sites 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 September 30, 2018, the median 52-week share price return of the Online Review Sites industry was 23.1%. Between September 30, 2017 and September 30, 2019, the median EV/EBITDA multiple decreased from 22.2 to 20.3. Furthermore, the median price-to-earnings multiple decreased from 33.1 to 24.8 over the same period. The median revenue growth and EBITDA margins for the industry for the quarter were 1.0% and 15.4%, respectively.

### Public Company Key Statistics

Median 52-Week  
Return

23.1%

Median 3-Year CAGR  
Return

3.6%

Median EV/Revenue  
Multiple

4.0x

Median EV/EBITDA  
Multiple

20.3x

Median Price/Earnings  
Multiple

24.8x

Median EV/Gross CF  
Multiple

21x

## Comparable Public Company Market Price Returns as of September 30, 2019

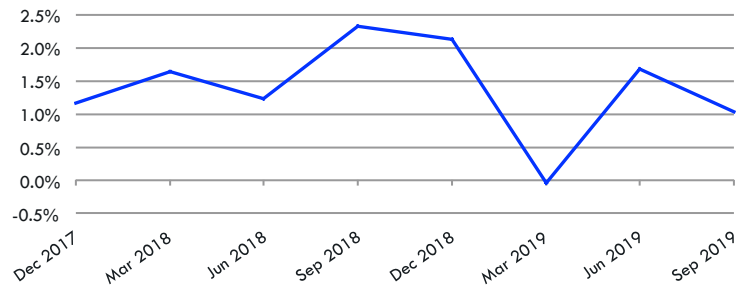
|  | 2019         | 3 Month      | 1 Year       | 2 Year       | 2018         | 2017          | 2016        | 2015         |
|--|--------------|--------------|--------------|--------------|--------------|---------------|-------------|--------------|
| Allscripts Healthcare Solutions, Inc.      | -15.1%       | -15.1%       | 1.1%         | -3.4%        | 42.5%        | -33.6%        | 20.4%       | -17.4%       |
| Autohome Inc.                              | 32.9%        | 32.9%        | 25.0%        | -5.3%        | 155.8%       | -27.6%        | -4.0%       | -0.6%        |
| Cerner Corporation                         | -13.9%       | -13.9%       | -7.5%        | -1.9%        | 42.3%        | -21.3%        | -6.9%       | 16.0%        |
| Liberty TripAdvisor Holdings, Inc.         | 14.1%        | 14.1%        | -30.3%       | -40.0%       | -37.4%       | -50.4%        | 12.8%       | N/A          |
| LivePerson, Inc.                           | 42.2%        | 42.2%        | 16.9%        | 5.9%         | 52.3%        | 11.9%         | -52.1%      | -4.9%        |
| TripAdvisor, Inc.                          | 18.7%        | 18.7%        | -21.1%       | -33.8%       | -25.7%       | -45.6%        | 14.2%       | -9.9%        |
| <b>Median of Industry Public Companies</b> | <b>16.4%</b> | <b>16.4%</b> | <b>-3.2%</b> | <b>-5.3%</b> | <b>42.4%</b> | <b>-30.6%</b> | <b>4.4%</b> | <b>-4.9%</b> |

Multiple year periods are calculated as the average annual return.

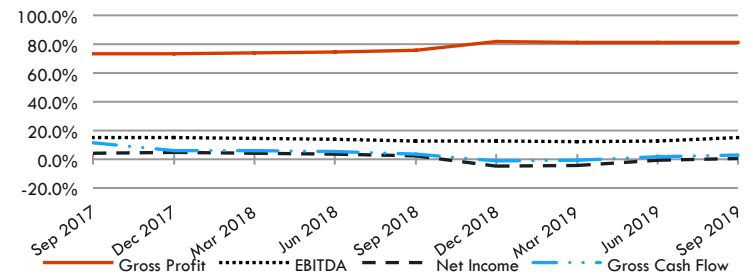
■ Highest Return
 ■ Lowest Return
 ■ Median Return

## Industry Revenue Growth and Profit Margins for the Past Two Years

**Median Quarterly Revenue Growth of All Online Review Sites Companies**



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



## Public Company Median Multiples by Quarter

|                                     | 9/30/19 | 6/30/19 | 3/31/19 | 12/31/18 | 9/30/18 | 6/30/18 | 3/31/18 | 12/31/17 |
|-------------------------------------|---------|---------|---------|----------|---------|---------|---------|----------|
| <b>EV/Revenues Multiple</b>         | 4.0x    | 4.1x    | 3.5x    | 2.9x     | 3.4x    | 2.9x    | 2.6x    | 2.2x     |
| <b>EV/EBITDA Multiple</b>           | 20.3x   | 28.5x   | 25.1x   | 19.3x    | 22.3x   | 20.6x   | 18.9x   | 16.1x    |
| <b>Price/Earnings Multiple</b>      | 24.8x   | 28.5x   | 25.9x   | 25.2x    | 34.9x   | 39.6x   | 32.9x   | 39.1x    |
| <b>EV/Gross Cash Flows Multiple</b> | 21.0x   | 30.4x   | 21.0x   | 19.4x    | 29.2x   | 22.0x   | 19.8x   | 22.0x    |

■ Highest Multiple   
 ■ Lowest Multiple   
 ■ Median Multiple

## Industry Initial Public Offerings—Online Review Sites (dollars in millions, except share prices)

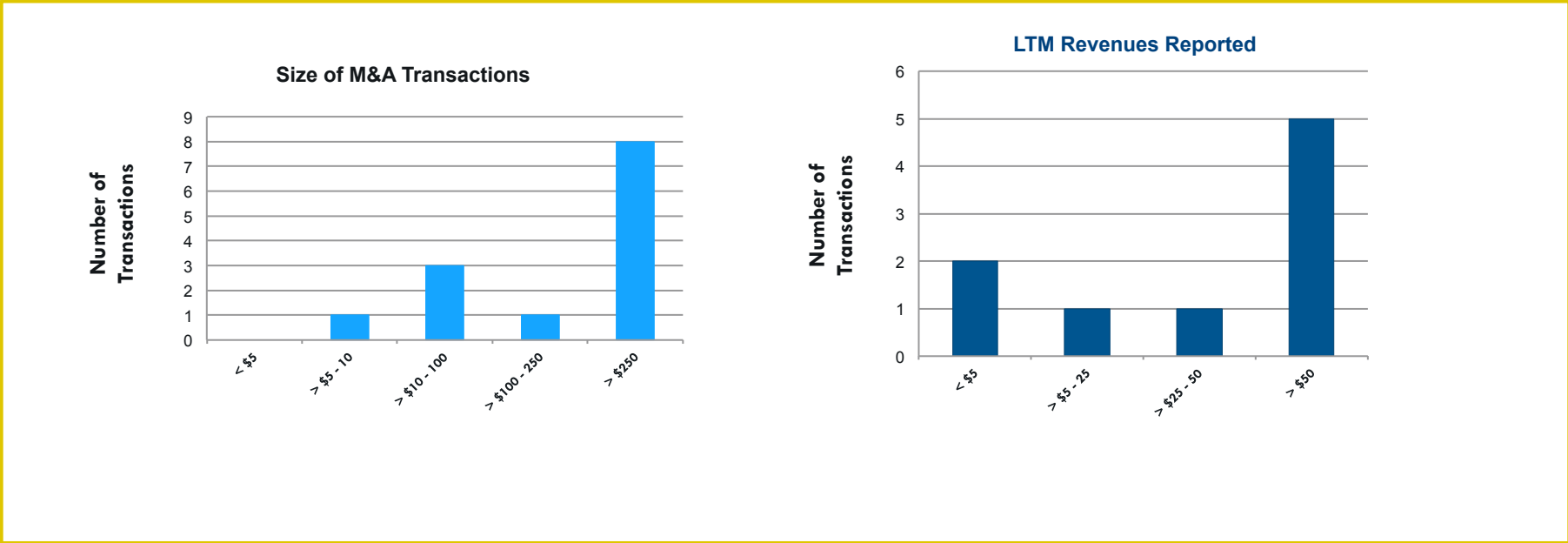
| Offer Date | Company Name                | Offer Price | Shares Offered | Amount Raised | Total Assets | Debt    | LTM Revenues | LTM EBITDA | LTM Net Income | LTM Cash Flows |
|------------|-----------------------------|-------------|----------------|---------------|--------------|---------|--------------|------------|----------------|----------------|
| 8/24/19    | <b>GameWith Inc.</b>        | \$17.08     | 0.7            | \$12.5        | \$10.9       | \$0.0   | \$9.0        | \$0.0      | \$2.0          | \$0.0          |
| 9/9/19     | <b>Time Out Group plc</b>   | \$2.17      | 60.0           | \$130.3       | \$83.3       | \$33.1  | \$33.4       | (\$7.4)    | (\$15.6)       | (\$7.1)        |
| 4/18/18    | <b>Globalway, Inc.</b>      | \$27.20     | 0.1            | \$3.5         | \$3.6        | \$0.0   | \$7.9        | \$0.0      | \$0.4          | \$0.0          |
| 5/20/18    | <b>Shopify Inc.</b>         | \$17.00     | 7.7            | \$130.9       | \$97.3       | \$0.0   | \$123.6      | (\$14.6)   | (\$20.5)       | (\$10.2)       |
| 4/15/15    | <b>Etsy, Inc.</b>           | \$16.00     | 16.7           | \$266.7       | \$331.4      | \$5.7   | \$213.6      | \$3.3      | (\$51.4)       | \$10.9         |
| 9/26/13    | <b>Covisint Corporation</b> | \$10.00     | 6.4            | \$64.0        | \$96.2       | \$0.0   | \$94.2       | (\$7.0)    | (\$10.4)       | (\$5.7)        |
| 11/20/12   | <b>YY Inc.</b>              | \$10.50     | 7.8            | \$81.9        | \$1,028.7    | \$0.0   | \$666.1      | \$88.3     | \$60.0         | \$92.1         |
| 9/19/12    | <b>Trulia, Inc.</b>         | \$17.00     | 6.0            | \$102.0       | \$27.6       | \$10.1  | N/A          | N/A        | N/A            | N/A            |
| 5/17/12    | <b>Facebook, Inc.</b>       | \$38.00     | 421.2          | \$16,006.9    | \$7,184.0    | \$706.0 | \$4,038.0    | \$2,131.0  | \$974.0        | \$2,493.0      |
| 3/14/12    | <b>Demandware, Inc.</b>     | \$16.00     | 5.5            | \$88.0        | \$42.9       | \$4.0   | \$56.5       | \$2.1      | (\$1.4)        | \$5.0          |
| 3/1/12     | <b>Yelp Inc.</b>            | \$15.00     | 7.2            | \$107.3       | \$43.8       | \$0.0   | \$83.3       | (\$7.1)    | (\$16.7)       | (\$4.0)        |
| 2/23/12    | <b>Bazaarvoice, Inc.</b>    | \$12.00     | 9.5            | \$113.8       | \$46.8       | \$0.0   | \$94.0       | (\$19.5)   | (\$22.6)       | (\$17.5)       |
| 4/20/17    | Median IPO                  | nm          | nm             | \$104.6       | \$65.1       | \$0.0   | \$94.0       | \$0.0      | (\$10.4)       | \$0.0          |

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

| Transaction Date                         | Target                   | Acquirer                       | Transaction Size | % Bought | LTM Revenues | EV/ Revenues |
|--|--------------------------|--------------------------------|------------------|----------|--------------|--------------|
| 9/28/19                                  | Main Street Hub, Inc.    | GoDaddy Inc.                   | \$177.0          | 100%     | N/A          | N/A          |
| 2/6/19                                   | BestReviews LLC          | Tribune Publishing Company     | \$64.6           | 100%     | N/A          | N/A          |
| 2/1/19                                   | Bazaarvoice, Inc.        | Marlin Equity Partners         | \$521.2          | 100%     | N/A          | 5.9x         |
| 10/16/18                                 | Shanghai AutoKol Network | Lecron Internet Media Industry | \$97.4           | 100%     | \$312.6      | 2.0x         |
| 10/12/18                                 | hungryhouse.com Ltd.     | Just Eat plc                   | \$297.9          | 100%     | N/A          | N/A          |
| 9/23/17                                  | LinkedIn Corporation     | HomeAdvisor, Inc.              | \$628.9          | 73%      | \$3,213      | N/A          |
| 8/18/15                                  | Diligent Corporation     | Just Eat plc                   | \$82.1           | 100%     | \$198.3      | 12.6x        |
| 10/1/14                                  | Yodle, Inc.              | Baton Holding, LLC             | \$29,039.8       | 100%     | \$0.6        | 168.8x       |
| 7/24/14                                  | BestReviews LLC          | Insight Venture Partners LLC   | \$2,621.0        | 100%     | \$0.1        | 47.9x        |
| Median of the 13 M&A Transaction Targets |                          |                                | \$177            | 100%     | N/A          | N/A          |

■ USA
 ■ International

# Recent Merger and Acquisition Transactions for a Majority Stake (dollars in millions) as of September 30, 2019



COGENT VALUATION is a nationally recognized full service business valuation firm that has provided independent valuation and financial advisory opinions in thousands of situations since 1991. These assignments include the valuation of companies and pass-through entities, their securities, and their intangible assets ranging in size from small, closely-held businesses and start-ups, to corporations with market values over a billion dollars, covering almost every industry and all types of transactions. With the collective backgrounds of our managing directors and professional staff, Cogent Valuation brings substantial large deal experience to bear on our middle market transaction opinions. Cogent Valuation utilizes proprietary research, intensive due diligence, and the experience and insights of its professionals to produce thoughtful, well-documented opinions that have consistently withstood the scrutiny of clients and their advisors, investors, regulators, and courts.

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 and [kam@cogentvaluation.com](mailto:kam@cogentvaluation.com)** 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):** 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.

**Disclosures and Limitations:** This research report is for informational and discussion purposes only. Information presented herein is not investment advice of any kind to any person and does not constitute a recommendation as to the purchase or sale of any interests or as to any other course of action. General, financial, and statistical information concerning the details of this report and related industry are from sources Cogent Valuation believes to be reliable. Cogent Valuation has accurately reflected such information in this research report; however, Cogent Valuation makes no representation as to the sources' accuracy or completeness and has accepted this information without further verification. Neither all nor any part of the content of this report may be conveyed to the public through advertising, public relations, news, sales, mail, direct transmittal, or other media without the prior written consent of Cogent Valuation. Cogent Valuation's research is as of the date reported herein. Cogent Valuation has no affiliation with any of the companies comprising the industry used as a basis for research in this report, nor does Cogent Valuation hold any investments in the companies listed herein. The content of this report may be used, in part, as a basis for any work that Cogent Valuation performs for you in the future at the sole discretion of Cogent Valuation. THIS REPORT IS NOT TO BE USED OR CONSIDERED UNDER ANY CIRCUMSTANCE BY ANYONE AS INVESTMENT ADVICE.