

ONLINE & MOBILE INDUSTRY

1ST HALF 2017 :: Mergers and Acquisitions Trend Report

1ST HALF 2017 KEY HIGHLIGHTS

- The largest E-Commerce deal in 1st Half 2017 was PetSmart's acquisition of Chewy, an online retailer for pet products, for \$3.35 billion.
- There were 242 financially sponsored transactions with an aggregate value of \$17.74 billion, representing 17 percent of the total volume and 32 percent of the total value, respectively.

1ST HALF 2017 KEY TRENDS

- Total transaction volume in 1st Half 2017 increased by five percent over 2nd Half 2016, from 1,397 to 1,465. Of note, the number of private equity backed deals rose 21 percent, from 200 to 242.
- Total transaction value in 1st Half 2017 fell 37 percent over 2nd Half 2016, from \$83.25 billion to \$52.62 billion.
- The median revenue multiple moved slightly from 1.9x in 2nd Half 2016 to 1.8x in 1st Half 2017. The median EBITDA multiple declined from 11.7x in 2nd Half 2016 to 10.3x in 1st Half 2017.
- Transactions in 1st Half 2017 with enterprise values above \$160 million received a median revenue multiple of 2.0x, whereas those in the \$10-\$20 million range had a median revenue multiple of 3.6x.
- The segment with the largest increase in volume in 1st Half 2017 over 2nd Half 2016 was Communications with a 15 percent rise, from 167 to 192 transactions. The E-Commerce segment was close behind with a 12 percent improvement, from 330 to 370 transactions.

M&A MARKET OVERVIEW

Berkery Noyes tracked 7,232 Online & Mobile transactions between 2015 and 1st Half 2017, of which 1,576 disclosed financial terms, and calculated the aggregate transaction value to be \$292.36 billion. Based on known transaction values, we project values of 5,656 undisclosed transactions to be \$99.07 billion, totaling \$391.43 billion worth of transactions tracked over the past two and a half years.

Disclosed median enterprise value multiples for all segments combined in this report during the last 30 months were 2.1x revenue and 10.7x EBITDA.

M&A Market Dynamics By Half Year

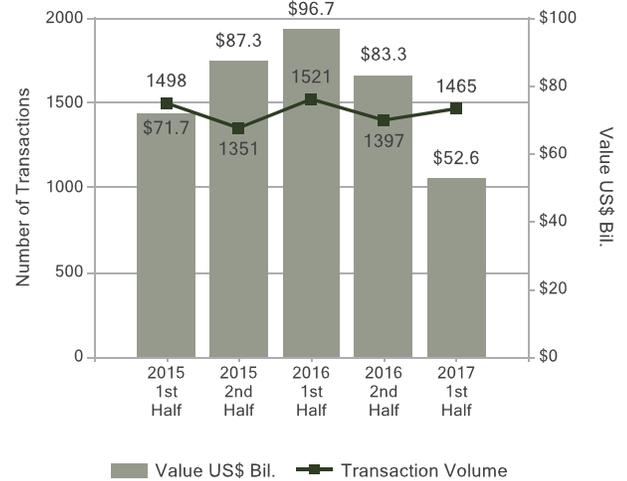


Figure 1. 2015-2017 value and volume comparison.

Median Enterprise Value Multiples By Half Year

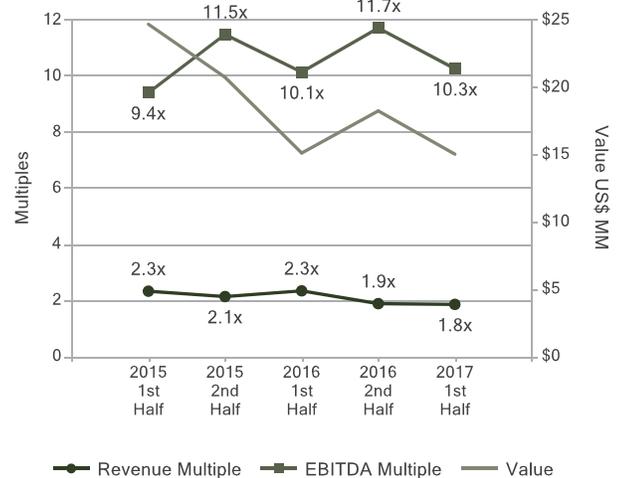


Figure 2. 2015-2017 median: value, revenue, EBITDA comparison.

Transaction Analysis :: January 1, 2017 – June 30, 2017

Bell Curve - Histogram - 1st Half

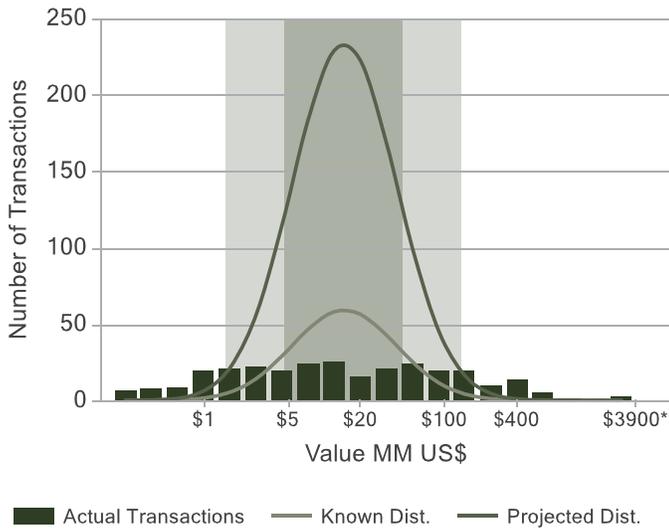


Figure 3. Shows the distribution of Online and Mobile Industry transactions based on publicly available information and Berkery Noyes estimates. Using a logarithmic scale, we determined that nearly two-thirds of companies purchased had transaction values of \$1.6 million to \$244.7 million. Based on this data, we estimate the total transaction value of deals done in 1st Half 2017 at \$52.6 billion.

* Indicates largest transaction in the industry from Jan. 1, 2017 to June 30, 2017.

Distribution Table

Value in MM US\$	Known Number	Projected Number	Total Number	%	Cumulative %
\$0.2	6	0	6	2 %	2 %
\$0.4	8	0	8	3 %	5 %
\$0.6	9	1	10	3 %	8 %
\$1.0	19	6	25	6 %	14 %
\$1.6	21	21	41	7 %	21 %
\$2.7	22	55	77	7 %	29 %
\$4.5	19	114	133	6 %	35 %
\$7.4	24	183	207	8 %	43 %
\$12.2	25	229	253	8 %	52 %
\$20.1	16	223	238	5 %	57 %
\$33.1	21	169	189	7 %	64 %
\$54.6	24	99	123	8 %	72 %
\$90.0	19	46	64	6 %	79 %
\$148.4	20	16	36	7 %	85 %
\$244.7	10	5	14	3 %	89 %
\$403.4	13	1	13	4 %	93 %
\$665.1	5	0	5	2 %	95 %
\$1,096.6	1	0	1	0 %	95 %
\$1,808.0	0	0	0	0 %	95 %
\$2,981.0	3	0	3	1 %	96 %
Total #	296	1169	1465		
Total \$ Value	\$35,321	\$17,304	\$52,625		
Middle 3rd of Industry		Middle 2/3rds of Industry			

Figure 4. Presents the data depicted in the bell curve histogram.

Strategic vs. Financial Comparison

M&A Dynamics By Transaction Type - 1st Half

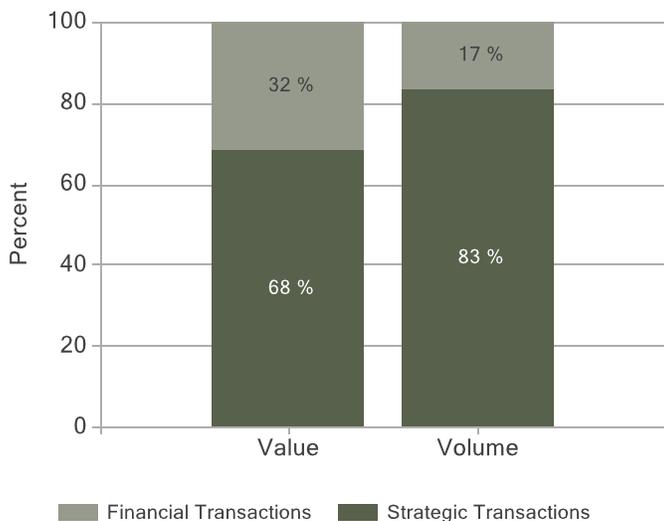


Figure 5. 1st Half 2017 value and volume comparison by transaction type.

Note: Financial transactions are those financed by private equity, venture capital, and other investment firms. This includes acquisitions by portfolio companies of the investment firms.

Transaction Type By Half Year

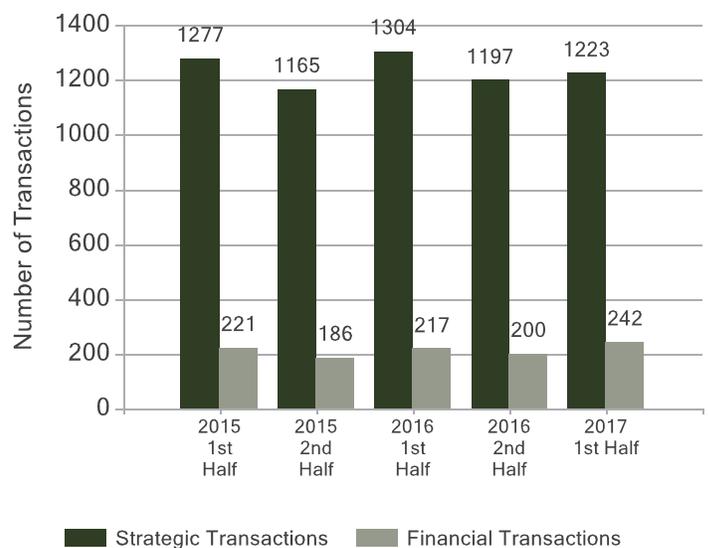


Figure 6. 2015-2017 acquirer type comparison by half year.

Purchaser Analysis

Top Ten Notable Transactions - 1st Half 2017

Deal Date	Target Name	Buyer	Value MM US\$
01/24/17	AppDynamics	Cisco Systems, Inc.	\$3,903
04/18/17	Chewy, Inc.	PetSmart, Inc.	\$3,350
02/27/17	CCC Information Services Inc.	Advent International	\$3,000
01/25/17	CoverMyMeds LLC	McKesson Corporation	\$1,100
01/20/17	Outfit7	United Luck Consortium	\$1,000
04/19/17	Moat	Oracle Data Cloud	\$850
06/01/17	Double Down Interactive	DoubleU Games Co., Ltd.	\$825
01/19/17	Planview	Thoma Bravo, LLC	\$800
05/10/17	Dominion Web Solutions	Goldman Sachs Merchant Banking, Eurazeo	\$680
03/23/17	Souq.com	Amazon.com, Inc.	\$650
2017 Aggregate Transaction Value			\$52,826
Top 10 Aggregate Transaction Value			\$16,158
Top 10 Aggregate Value as a Percentage of All Transactions			31 %

Figure 7. Lists the top ten transactions for 1st Half 2017 and calculates their aggregate transaction value as a percentage of the total aggregate transaction value as shown in Figure 1 & 4.

Note: Transaction data based on **announced date**.

Median EV/Revenue Multiples By Size

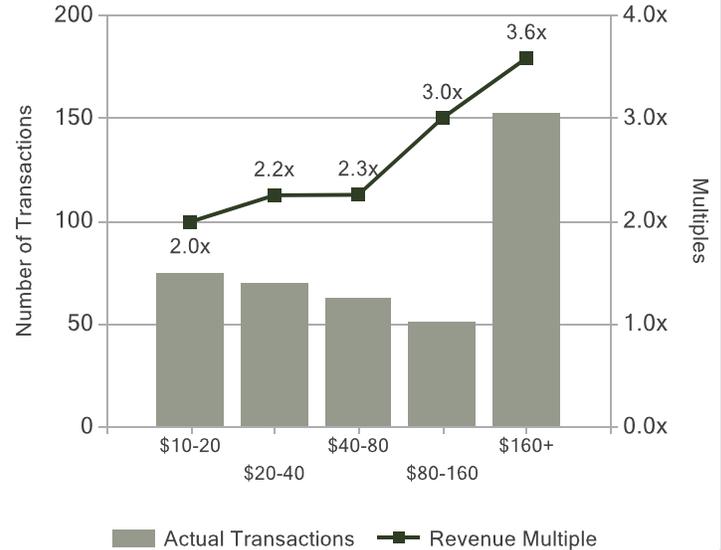


Figure 8. Presents the median enterprise value/revenue multiples paid for companies in the Online and Mobile Industry from January 1, 2015 to June 30, 2017 based on publicly available sales price and revenue data.

Transaction Volume by Segment :: January 1, 2015 – June 30, 2017

Transactions By Market Segment By Half Year

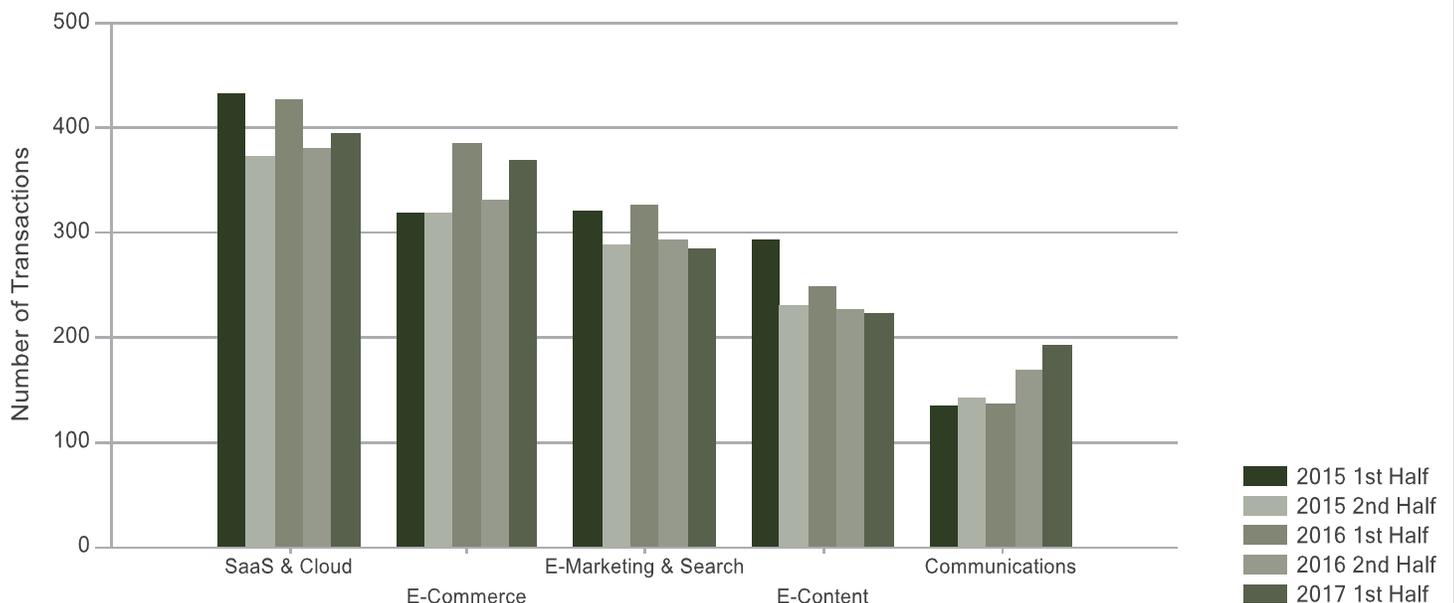


Figure 9. Presents transaction volume by market segment within the Online and Mobile Industry from January 1, 2015 through June 30, 2017.

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All charts in this report are based on data gathered by Berkery Noyes' research department. All time period statistics are based on the transaction announcement date. The information contained herein is of a general nature and is not intended to address the circumstances of any particular company, individual, or entity. There can be no guarantee that such information is accurate.

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