

## ONLINE INDUSTRY

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### 2008 Key Highlights

- The Online Industry's most active buyer in 2008, based on the number (volume) of announced transactions, was IAC/InterActiveCorp, with 11 businesses purchased either directly or through a partner or affiliate.
- The segment with the largest transaction volume for 2008 was E-Content with 184 transactions.
- Financially sponsored transactions represented 70 transactions which equates to 11 percent of the total volume and \$3.03 billion of the value or 11 percent of the market.

### 2008 vs. 2007 Key Trends

- Total transaction volume in 2008 decreased by 14 percent over 2007 from 738 in 2007 to 636 in 2008.
- Total transaction value in 2008 decreased by 62 percent over 2007, from \$70.63 billion in 2007 to \$26.98 billion in 2008.
- The segment with the largest increase in volume in 2008 over 2007 was SaaS/ASP with a 14 percent increase from 151 transactions in 2007 to 172 transactions in 2008.

### 2006-2008 Market Overview

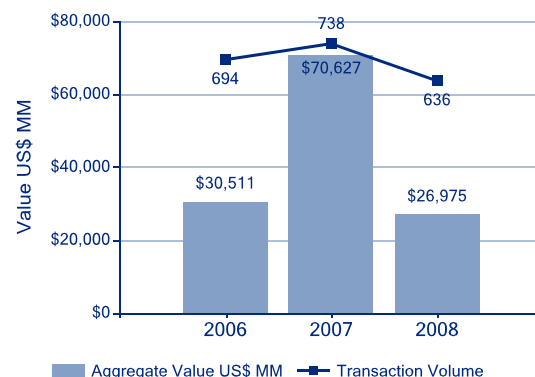
Out of 2068 transactions tracked by Berkery, Noyes between 2006 and 2008 we determined the aggregate enterprise values paid for transactions, where the values of 695 were disclosed, to be \$93.33 billion. Based on known enterprise values, using a logarithmic scale, we project values of 1373 undisclosed transactions to be \$34.37 billion for a combined total of \$127.70 billion over the past three years.

The largest transaction between 2006 and 2008 was Microsoft Business Solutions who acquired aQuantive, Inc. for \$5.75 billion.

Based on value, the most active market segment between 2006 and 2008 was E-Marketing & Search with \$32.49 billion worth of transactions as opposed to the least active segment being Communications with \$15.92 billion worth of transactions.

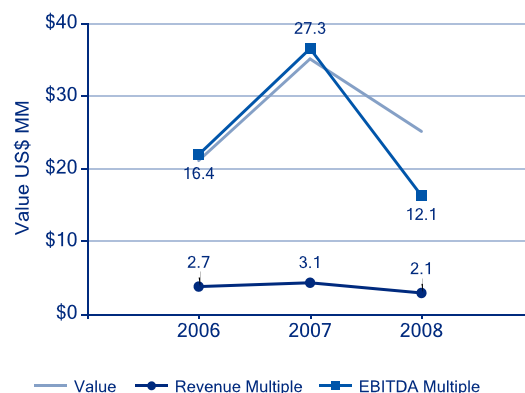
The most active buyer in the Online Industry by way of value between 2006 and 2008 was Microsoft Corporation who purchased certain assets or all of 12 properties for a combined total of \$7.89 billion in enterprise value paid.

#### M&A Market Dynamics



**Figure 1.** 2006 - 2008 value and volume comparison

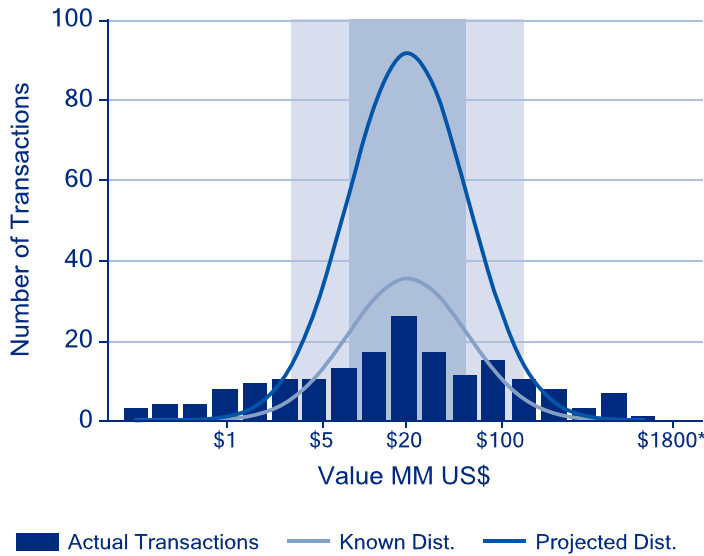
#### Median Enterprise Value Multiples



**Figure 2.** 2006 - 2008 median: Value, Revenue, EBITDA comparison.

## TRANSACTION ANALYSIS | January 1, - December 31 2008

### Bell Curve - Histogram



**Figure 3.** Shows distribution of transactions among online 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 enterprise values of \$1.0 million to \$90.0 million. Based on these data, we estimate the total transaction value of deals done from Jan. 1 to Dec. 31, 2008 at \$26.975 billion.

\* Indicates largest transaction in the industry from Jan. 1, 2008 to Dec. 31, 2008

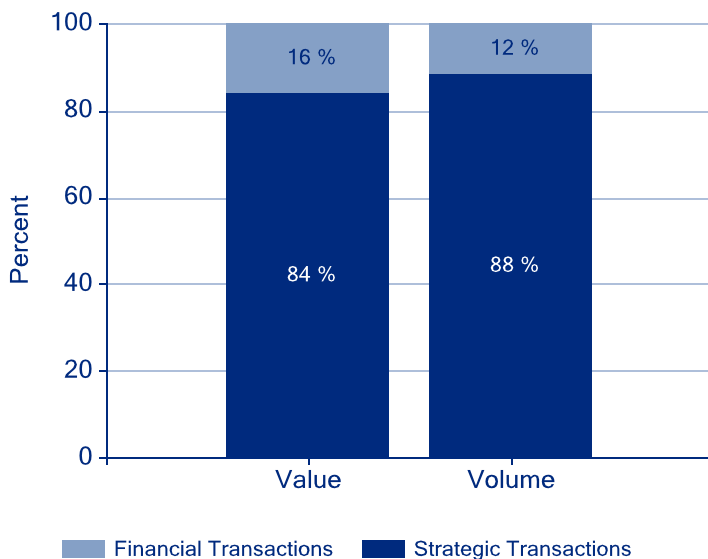
### Distribution Table

Value in MM US\$	Known Number	Projected Number	Total Number	%	Cumulative %
\$0.2	3	0	3	2 %	2 %
\$0.4	4	0	4	2 %	4 %
\$0.6	4	0	4	2 %	6 %
\$1.0	8	1	8	5 %	11 %
\$1.6	9	3	12	5 %	16 %
\$2.7	10	11	21	6 %	21 %
\$4.5	10	27	37	6 %	27 %
\$7.4	13	52	65	7 %	34 %
\$12.2	17	78	95	10 %	44 %
\$20.1	26	91	117	15 %	59 %
\$33.1	17	83	100	10 %	68 %
\$54.6	11	59	69	6 %	75 %
\$90.0	15	32	47	8 %	83 %
\$148.4	10	14	23	6 %	89 %
\$244.7	8	5	12	5 %	93 %
\$403.4	3	1	4	2 %	95 %
\$665.1	7	0	7	4 %	99 %
\$1,096.6	1	0	1	1 %	99 %
Total #		177	459	636	
Total \$ Value		\$17,212	\$9,763	\$26,975	
<div style="display: flex; justify-content: space-between;"> <span>■ Middle 3rd of Industry</span> <span>■ Middle 2/3rds of Industry</span> </div>					

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

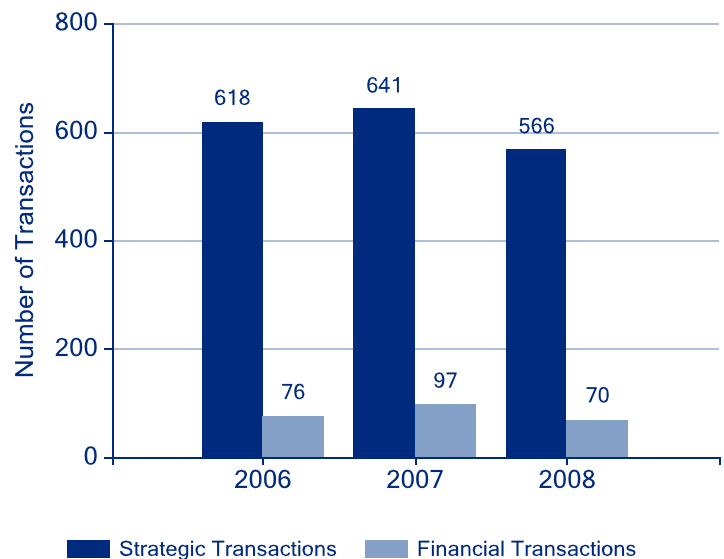
## STRATEGIC VS FINANCIAL COMPARISON | January 1, 2006 - December 31, 2008

### M&A Dynamics By Transaction Type



**Figure 5.** Out of 2068 transactions tracked by Berkery Noyes between 2006 and 2008 we found that financially sponsored transactions accounted for 12 percent of the volume or 243 transactions and greater than 16 percent of the value or \$20.85 billion worth of financially sponsored transactions

### Transaction Type



**Figure 6.** Financially sponsored transactions represented 11 percent of the volume and 11 percent of the value for 2008 as opposed to 13 percent of the volume and 20 percent of the value for 2007.

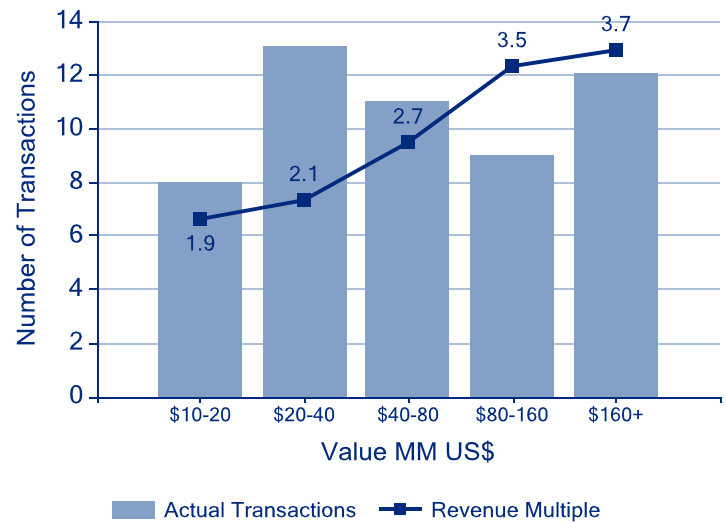
## PURCHASER ANALYSIS | January 1, - December 31, 2008

### Top Ten Notable Transactions 2008

Deal Date	Target Name	Buyer	Value MM US\$
05/15/08	CNET, Inc.	CBS Corporation	\$1,761
10/06/08	Bill Me Later, Inc.	eBay	\$945
03/13/08	Bebo, Inc.	AOL, LLC.	\$857
06/24/08	Symbian	Nokia Corporation	\$790
02/11/08	Danger, Inc.	Microsoft Corporation	\$701
04/30/08	FTD Group, Inc.	United Online, Inc.	\$697
10/08/08	MessageLabs	Symantec Corporation	\$695
12/12/08	Wehkamp BV	Private Investor Group	\$667
06/03/08	Creditex Group Inc.	IntercontinentalExchange	\$442
07/14/08	Canadian operations from E-Trade Financial Corp.	Bank of Nova Scotia	\$442
2008 Aggregate Transaction Value			\$26,975
Top 10 Aggregate Transaction Value			\$7,998
Top 10 Aggregate Value as a Percentage of All Transactions			30 %

**Figure 7.** Lists the top ten transactions for 2008 and calculates their aggregate enterprise value as a percentage of the 2008 total aggregate enterprise value as shown on Figure 1 & 4.

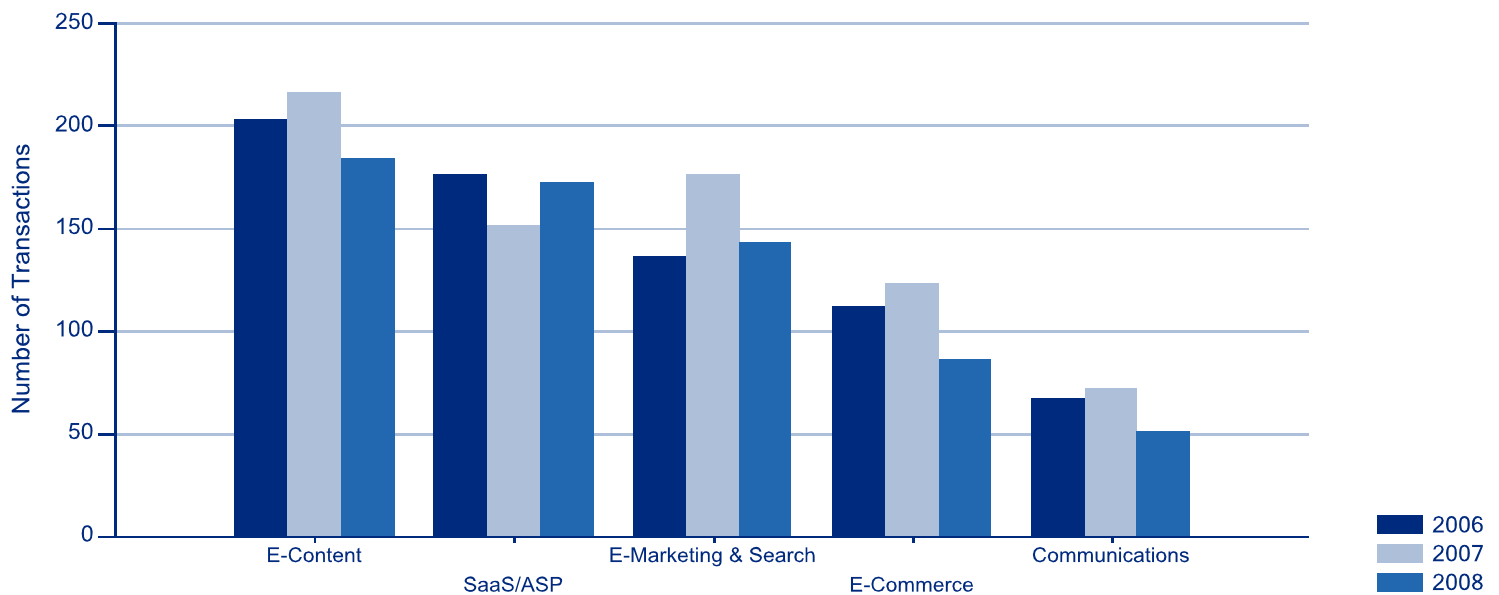
### Median EV/Revenue Multiples By Size



**Figure 8.** Presents the median enterprise value/revenue multiples paid for companies for in the online industry based on publicly available sales price and revenue data.

## TRANSACTION VOLUME BY SEGMENT | January 1, 2006 - December 31, 2008

### Transactions By Market Segment



**Figure 9.** Presents the transaction volume by target segments within the online industry 2006 - 2008.

## About Berkery Noyes

Founded in 1980, Berkery Noyes is the leading independent investment bank specializing in the information content and technology industries. The firm has initiated, managed and closed more than 400 merger and acquisition transactions for privately held and publicly traded companies in the business, technology, education, health, financial and legal information segments. Berkery Noyes is unique among investment banking firms in that we combine truly independent strategic research and industry intelligence with senior information technology banking expertise. With no equity fund or brokerage business to manage, our partners and investment banking professionals are one hundred percent focused on M&A advisory services. Berkery Noyes employs over 40 individuals with deep industry knowledge and experience who strive to exceed our clients' expectations by maximizing the full value of their information technology and content assets.

All charts in this report are based on data gathered by Berkery, Noyes. For current information ask for our Weekly Deal Report. You'll find a link to it at [www.berkerynoyes.com](http://www.berkerynoyes.com). Click on the "Weekly Deal Reports" tab to sign up.

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**JOSEPH BERKERY** | Chief Executive Officer

**JOHN SHEA** | Chief Operating Officer

## FOOTNOTES

### Market Segments

Market Segment	Description
Communications	e-mail, messaging, webconferencing, VOIP, SMS
E-Commerce	e-retail, online payments, employment/dating/ticketing/rental services etc...
E-Content	e-zines, user-generated content, social networking
E-Marketing & Search	search engines, webhosting, SEO, lead generation, customer loyalty, surveys, ad networks, interactive agencies, marketing services
SaaS/ASP	software as a service, online applications, online tools, application service provider

**Figure 10.** Represents what types of online companies are included in Figure 9.

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