

MEDIA & MARKETING INDUSTRY

FULL YEAR 2013 :: Mergers and Acquisitions Trend Report

2013 KEY HIGHLIGHTS

- Reed Elsevier was the most active B2B Publishing & Information acquirer with nine transactions in this specific segment during 2013.
- There were 156 financially sponsored transactions with an aggregate value of \$21.22 billion, representing nine percent of the total volume and 22 percent of the total value, respectively.

2013 KEY TRENDS

- Total transaction volume in 2013 remained nearly constant over 2012, from 1,667 to 1,673.
- Total transaction value in 2013 increased by 28 percent over 2012, from \$75.81 billion to \$97.30 billion. The proposed merger of Publicis Groupe SA and Omnicom Group Inc. accounted for 21 percent of the industry's aggregate deal value in 2013.
- The median revenue multiple rose from 1.4x in 2012 to 2.0x in 2013. The median EBITDA multiple improved from 8.0x in 2012 to 9.7x in 2013. In both instances, this marked a return to valuations that were seen in 2011.
- Based on volume, the segment with the largest increase in 2013 over 2012 was Consumer Publishing with a 16 percent rise, from 167 to 193 transactions. Based on value, the segment with the largest increase was Broadcasting, which more than tripled from \$3.95 billion to \$13.34 billion.

M&A MARKET OVERVIEW

Berkery Noyes tracked 4,922 Media & Marketing transactions between 2011 and 2013, of which 1,311 disclosed financial terms, and calculated the aggregate value to be \$191.21 billion. Based on known transaction values, we project values of 3,611 undisclosed transactions to be \$45.55 billion, totaling \$236.77 billion worth of transactions tracked over the past three years.

Disclosed median enterprise value multiples for all segments combined in this report during the last 36 months were 1.8x revenue and 9.2x EBITDA.

The most active acquirer by volume in the Entertainment segment, either directly or through an affiliated business between 2011 and 2013, was Zynga, Inc. with 14 transactions.

M&A Market Dynamics

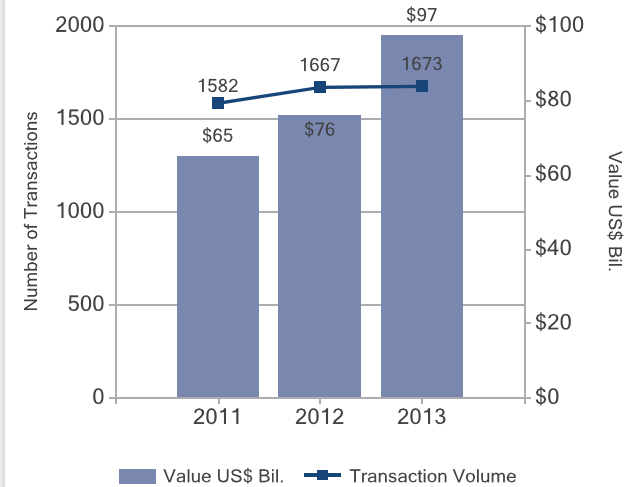


Figure 1. 2011-2013 value and volume comparison.

Median Enterprise Value Multiples

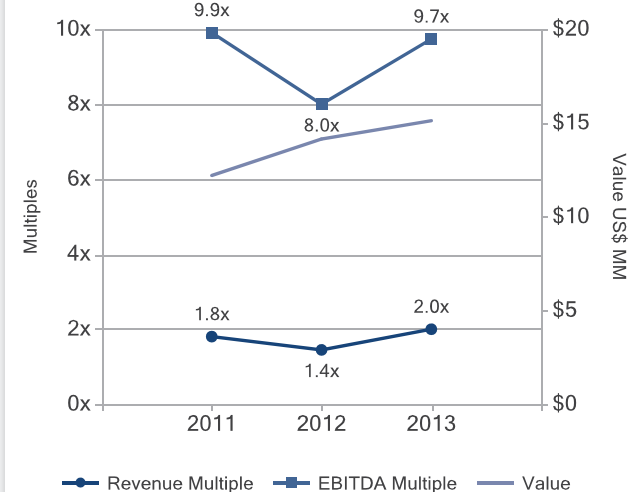


Figure 2. 2011-2013 median value, revenue, EBITDA comparison.

Transaction Analysis :: January 1, 2013 – December 31, 2013

Bell Curve - Histogram

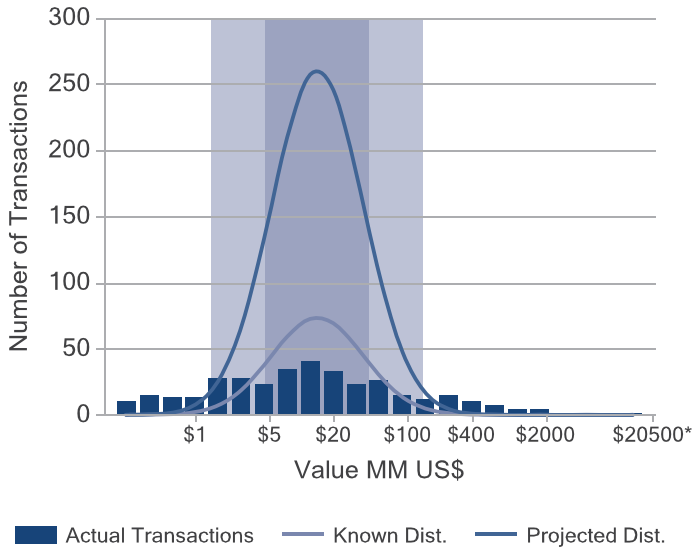


Figure 3. Shows distribution of transactions among Media and Marketing transactions based on publicly available information and Berkery Noyes estimates. Using a logarithmic scale, we determined that nearly two-thirds of companies purchased had transaction values of \$1.6 million to \$244.7 million. Based on this data, we estimate total transaction value of deals done in 2013 at \$97.3 billion.

* Indicates largest industry transaction from Jan. 1, 2013 to Dec. 31, 2013.

Distribution Table

US\$	Known Number	Projected Number	Total Number	%	Cumulative %
\$0.2	11	0	11	3 %	3 %
\$0.4	15	0	15	4 %	7 %
\$0.6	13	2	14	4 %	11 %
\$1.0	13	8	20	4 %	14 %
\$1.6	27	25	52	7 %	21 %
\$2.7	27	66	93	7 %	29 %
\$4.5	24	133	157	7 %	35 %
\$7.4	35	210	244	10 %	45 %
\$12.2	40	257	297	11 %	56 %
\$20.1	33	245	278	9 %	65 %
\$33.1	23	182	205	6 %	71 %
\$54.6	26	106	131	7 %	78 %
\$90.0	14	48	61	4 %	82 %
\$148.4	12	17	28	3 %	85 %
\$244.7	14	5	18	4 %	89 %
\$403.4	11	1	11	3 %	92 %
\$665.1	7	0	7	2 %	94 %
\$1,096.6	5	0	5	1 %	95 %
\$1,808.0	4	0	4	1 %	96 %
\$2,981.0	2	0	2	1 %	97 %
\$4,914.8	0	0	0	0 %	97 %
\$8,103.1	1	0	1	0 %	97 %
\$13,359.7	1	0	1	0 %	97 %
Total #	368	1305	1673		
Total \$ Value	\$78,708	\$18,593	\$97,301		
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

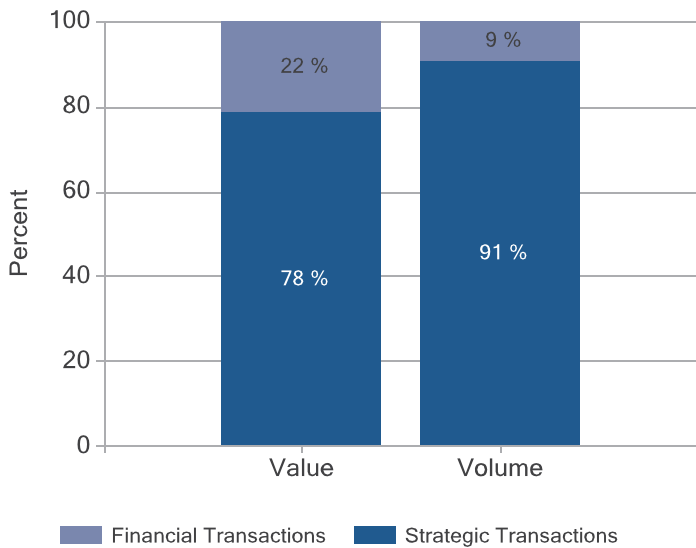


Figure 5. 2013 value and volume comparison by acquirer type.

Note: Financially sponsored 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

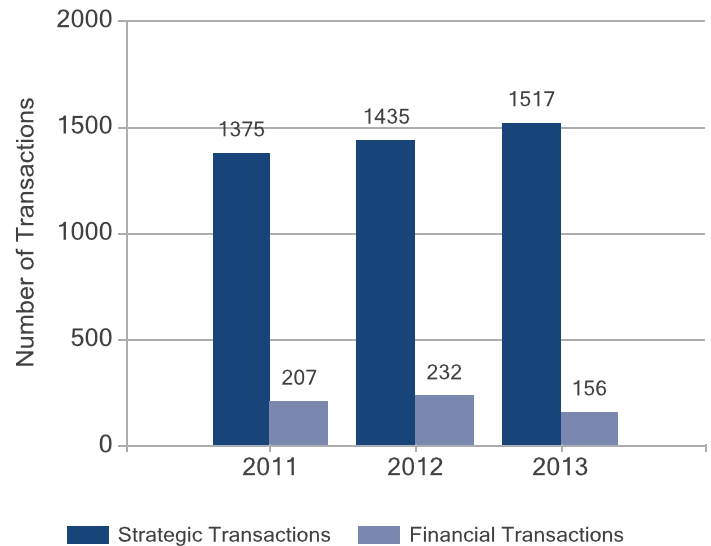


Figure 6. 2011-2013 acquirer type comparison.

Purchaser Analysis

Top Ten Notable Transactions 2013

Deal Date	Target Name	Buyer	Value MM US\$
07/28/13	Omnicom Group Inc.	Publicis Groupe SA	\$20,461
07/26/13	Activision Blizzard	Activision Blizzard	\$8,200
06/19/13	Springer Science & Business Media	BC Partners	\$4,423
06/27/13	Astral Media Inc.	Bell Media	\$3,334
07/01/13	Local TV LLC	Tribune Company	\$2,710
12/17/13	IMG Worldwide, Inc.	William Morris Endeavor Entertainment, LLC	\$2,300
06/13/13	Belo Corp.	Gannett Co., Inc.	\$2,177
11/21/13	Scout24 Group	Hellman & Friedman LLC	\$2,022
12/18/13	Valassis Communications, Inc.	Harland Clarke Corp.	\$1,774
10/15/13	Supercell	GungHo Online Entertainment, Inc.	\$1,530
2013 Aggregate Transaction Value			\$97,301
Top 10 Aggregate Transaction Value			\$48,932
Top 10 Aggregate Value as a Percentage of All Transactions			50 %

Figure 7. Lists the top ten transactions for 2013 and calculates their aggregate transaction value as a percentage of the total aggregate transaction value as shown in Figure 1 & 4. Includes the buyback of Activision Blizzard from Vivendi.

Note: Transaction data based on announced date. Deal value represents total consideration paid by the acquirer.

Median EV/Revenue Multiples By Size

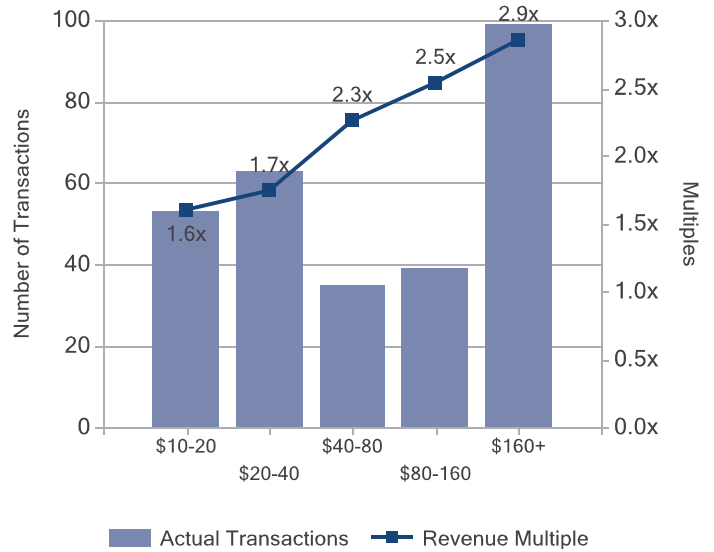


Figure 8. Presents the median enterprise value/revenue multiples paid for companies in the Media and Marketing Industry from Jan. 1, 2011 to Dec. 31, 2013 based on publicly available data.

Transaction Volume by Segment :: January 1, 2011 – December 31, 2013

Transactions By Market Segment

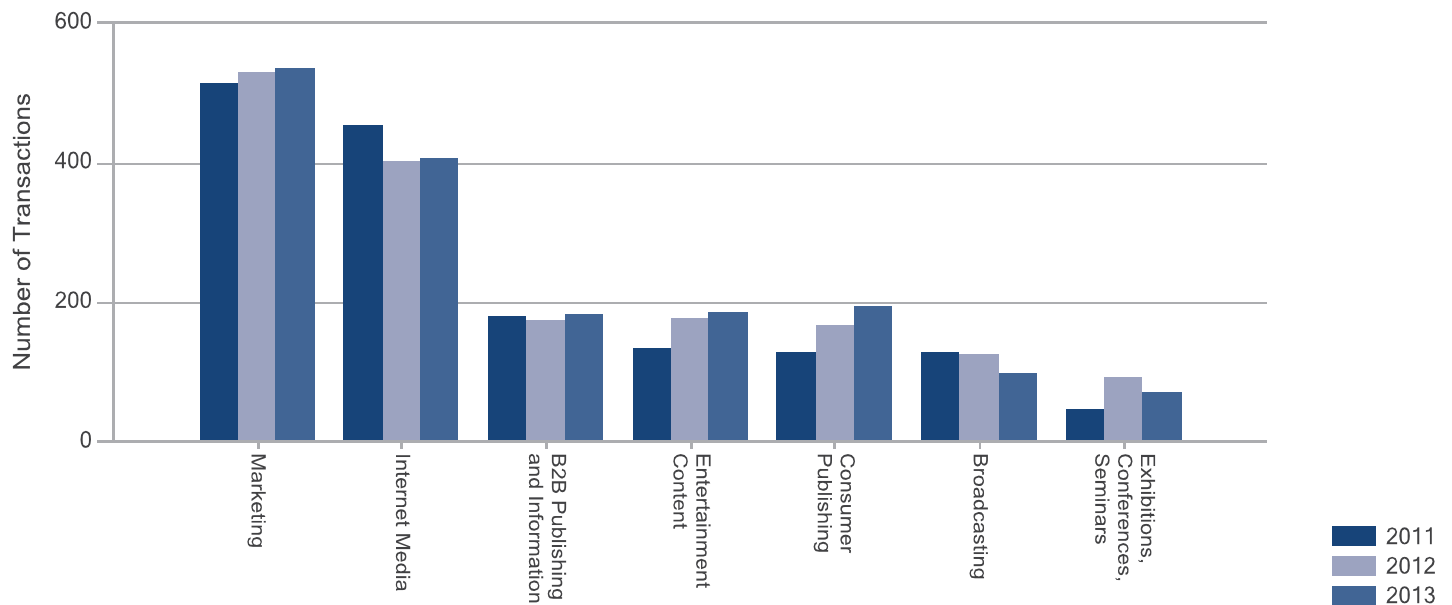


Figure 9. Presents transaction volume by target segment within the Media and Marketing Industry from Jan. 1, 2011 through Dec. 31, 2013.

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The DNA of M&A

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.

For current intelligence on Mergers and Acquisitions activity in the Information Industry please visit our online service at www.mandasoft.com

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