

INFORMATION INDUSTRY

The Production and Provision of Content

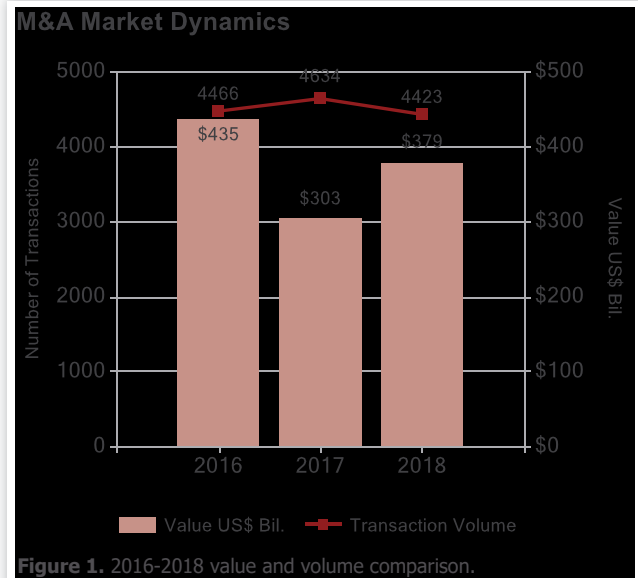
FULL YEAR 2018 :: Mergers and Acquisitions Trend Report

2018 KEY HIGHLIGHTS

- The industry's largest transaction in 2018 was IBM's announced acquisition of Red Hat, which provides open-source software products to the enterprise community, for \$32.95 billion.
- Strategic acquisitions represented 80 percent of total volume and 69 percent of total value, respectively.

2018 KEY TRENDS

- Total transaction volume in 2018 decreased by five percent over 2017, from 4,634 to 4,423.
- As for the industry's three horizontal markets, Online & Mobile volume increased by three percent; Software volume remained about constant; and Media & Marketing volume declined by 11 percent.
- Total transaction value in 2018 increased by 25 percent over 2017, from \$302.85 billion to \$378.62 billion.
- The median revenue multiple rose from 2.0x in 2017 to 2.4x in 2018. The median EBITDA multiple improved from 10.7x in 2017 to 12.0x in 2018.

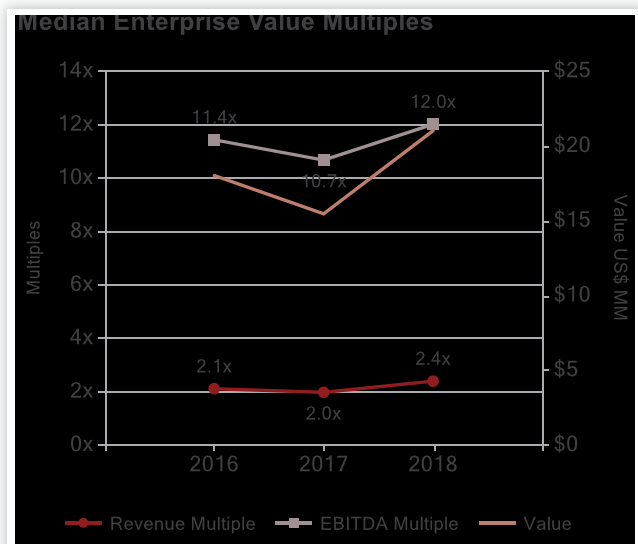


M&A MARKET OVERVIEW

Berkery Noyes tracked 13,523 Information Industry transactions between 2016 and 2018, of which 2,778 disclosed financial terms, and calculated the aggregate value to be \$915.70 billion. Based on known transaction values, we project values of 10,745 undisclosed transactions to be \$197.50 billion, totaling \$1.13 trillion 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 2.2x revenue and 11.5x EBITDA.

Out of 13,523 deals tracked by Berkery Noyes between 2016 and 2018, transactions valued at \$160 million and above garnered a median enterprise value multiple of 3.8x revenue. In contrast, companies with transaction values between \$10 million and \$20 million captured a median enterprise value multiple of 1.6x revenue.



Transaction Analysis :: January 1, 2018 – December 31, 2018

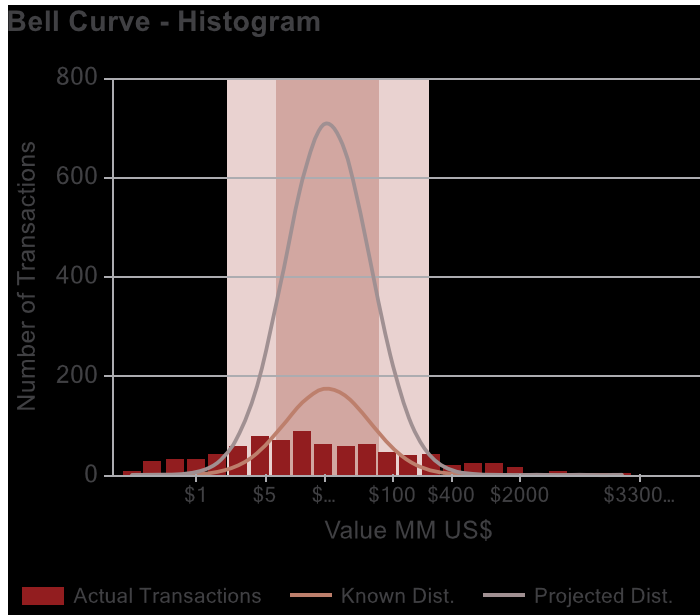


Figure 3. Shows the distribution of Information Industry transactions based on publicly available information and Berkery Noyes estimates. Using a logarithmic scale, we determined that nearly one-third of companies purchased had transaction values of \$4.5 million to \$54.6 million. Based on this data, we estimate the total transaction value of deals done in 2018 at \$378.6 billion.

* Indicates largest transaction in the industry from Jan. 1, 2018 to Dec. 31, 2018.

Distribution Table

Value in MM US\$	Known Number	Projected Number	Total Number	%	Cumulative %
\$0.2	9	0	9	1 %	1 %
\$0.4	26	0	26	3 %	4 %
\$0.6	33	1	34	4 %	8 %
\$1.0	30	6	35	3 %	11 %
\$1.6	43	25	67	5 %	16 %
\$2.7	58	79	137	7 %	23 %
\$4.5	76	200	275	9 %	32 %
\$7.4	71	390	461	8 %	40 %
\$12.2	90	595	684	10 %	50 %
\$20.1	61	705	766	7 %	57 %
\$33.1	60	652	711	7 %	64 %
\$54.6	62	469	531	7 %	71 %
\$90.0	47	263	309	5 %	76 %
\$148.4	39	115	153	4 %	81 %
\$244.7	44	39	82	5 %	86 %
\$403.4	21	10	31	2 %	88 %
\$665.1	24	2	26	3 %	91 %
\$1,096.6	23	0	23	3 %	94 %
\$1,808.0	16	0	16	2 %	96 %
\$2,981.0	5	0	5	1 %	96 %
\$4,914.8	9	0	9	1 %	97 %
\$8,103.1	2	0	2	0 %	97 %
\$13,359.7	2	0	2	0 %	98 %
\$22,026.5	1	0	1	0 %	98 %
Total #	872	3551	4423		
Total \$ Value	\$300,423	\$78,192	\$378,616		
Middle 3rd of Industry		Middle 2/3rds of Industry			

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

Strategic vs. Financial Comparison

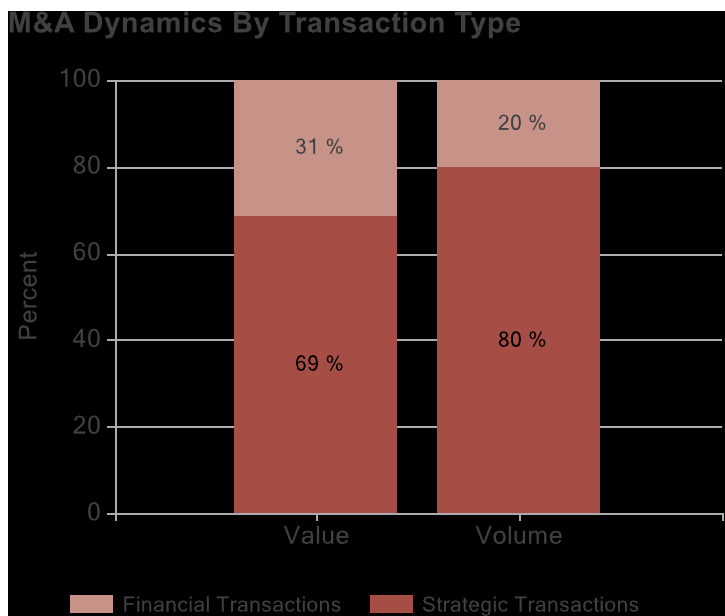


Figure 5. 2018 value and volume comparison by acquirer type.

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.

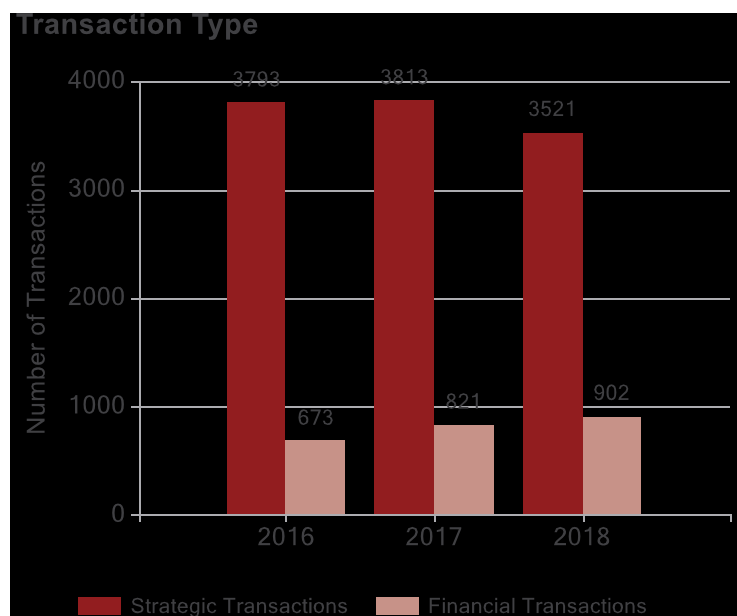


Figure 6. 2016-2018 acquirer type comparison by year.

Purchaser Analysis

Top Ten Notable Transactions 2018

Deal Date	Target Name	Buyer	Value MM US\$
10/29/18	Red Hat, Inc.	IBM	\$32,950
07/11/18	CA Technologies, Inc.	Broadcom Limited	\$18,383
05/09/18	Flipkart	Walmart	\$16,000
01/31/18	Thomson Reuters Financial & Risk	Blackstone Group LP	\$11,000
05/29/18	BMC Software, Inc.	Kohlberg Kravis Roberts & Co.	\$8,500
11/12/18	Qualtrics	SAP SE	\$8,000
06/04/18	GitHub Inc.	Microsoft Corporation	\$7,500
08/08/18	Dun & Bradstreet	Thomas H. Lee Partners, L.P., Cannae Holdings, CC Capital	\$6,655
12/03/18	Tribune Media Company	Nexstar Media Group	\$6,188
01/30/18	United Business Media Limited	Informa plc	\$6,168
2018 Aggregate Transaction Value			\$378,616
Top 10 Aggregate Transaction Value			\$121,345
Top 10 Aggregate Value as a Percentage of All Transactions			32 %

Figure 7. Lists the top ten transactions for 2018 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**. 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 Information Industry from Jan. 1, 2016 to Dec. 31, 2018 based on publicly available data.

Transactions Involving an Online Component

Transaction Percentages of Online Targets

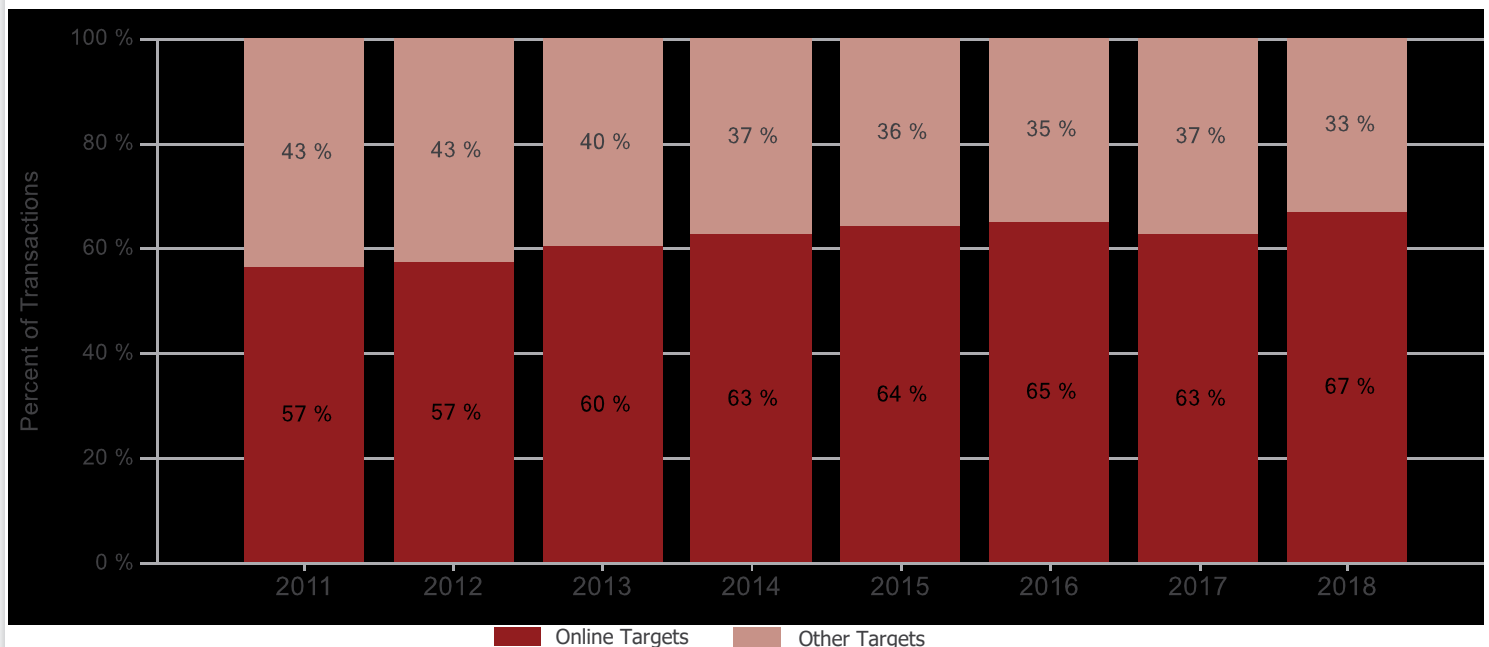


Figure 9. Percentage of total Information Industry transactions where the target company conducts the majority of their business online. The total percentages are measured by year from 2011-2018.

BERKERY NOYES

INVESTMENT BANKERS

Founded in 1980, Berkery Noyes is a leading independent investment bank serving the information, software, marketing, and technology industries. The firm has initiated, managed, and closed more than 500 merger and acquisition transactions for privately held and publicly traded companies in the healthcare, financial services, education, and entertainment markets.

Berkery Noyes Securities LLC assists middle market companies with raising growth capital in the debt and equity markets.

CONTACT US TODAY FOR A CONFIDENTIAL DISCUSSION OF YOUR STRATEGIC OPTIONS

212-668-3022

MANAGING DIRECTORS

VINEET ASTHANA

Media and Technology Group

BRIAN DECICCO

B2B Media Group

JOHN GUZZO

Financial Technology Group

JONATHAN KRIEGER

Healthcare Group

MARTIN MAGIDA

Corporate Finance Group

THOMAS O'CONNOR

Healthcare Group

PETER OGNIBENE

Financial Technology Group

JEFFREY SMITH

Healthcare Group

JASON WHITE

Consumer Group

PETER YOON

Education Group

MARY JO ZANDY

Education, Media, and Generalist Groups

PARTNERS

JOSEPH BERKERY

Chief Executive Officer

JAMES BERKERY

Managing Partner



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.

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

RECENT INFORMATION INDUSTRY TRANSACTIONS



HAS BEEN ACQUIRED BY



HAS BEEN ACQUIRED BY



A PORTFOLIO COMPANY OF
CLAIRVEST



HAS MADE AN
INVESTMENT IN



HAS DIVESTED
CERTAIN ASSETS
TO



HAS BEEN ACQUIRED BY



ELSEVIER

A SUBSIDIARY OF



HAS BEEN ACQUIRED BY



A PORTFOLIO COMPANY OF



HAS ACQUIRED



FROM



HAS BEEN ACQUIRED BY



HAS BEEN ACQUIRED BY



A PORTFOLIO COMPANY OF



A PORTFOLIO COMPANY OF



HAS ACQUIRED



FROM



245 Park Avenue | New York, New York 10167

berkerynoyes.com | 212.668.3022