



HEADWATERS | MB

TMT Investment Banking

Internet Advertising Market Update

June 2013



## Executive Summary

**Capital Markets** – U.S. Internet Advertising companies continue to outperform their international counterparts, the S&P 500, NASDAQ, and MSCI Europe indices

**Trading Multiples** – U.S. Internet Advertising companies are trading at a median LTM revenue multiple of 2.8x, while International Internet Advertising companies are trading a median LTM revenue multiple of 1.8x

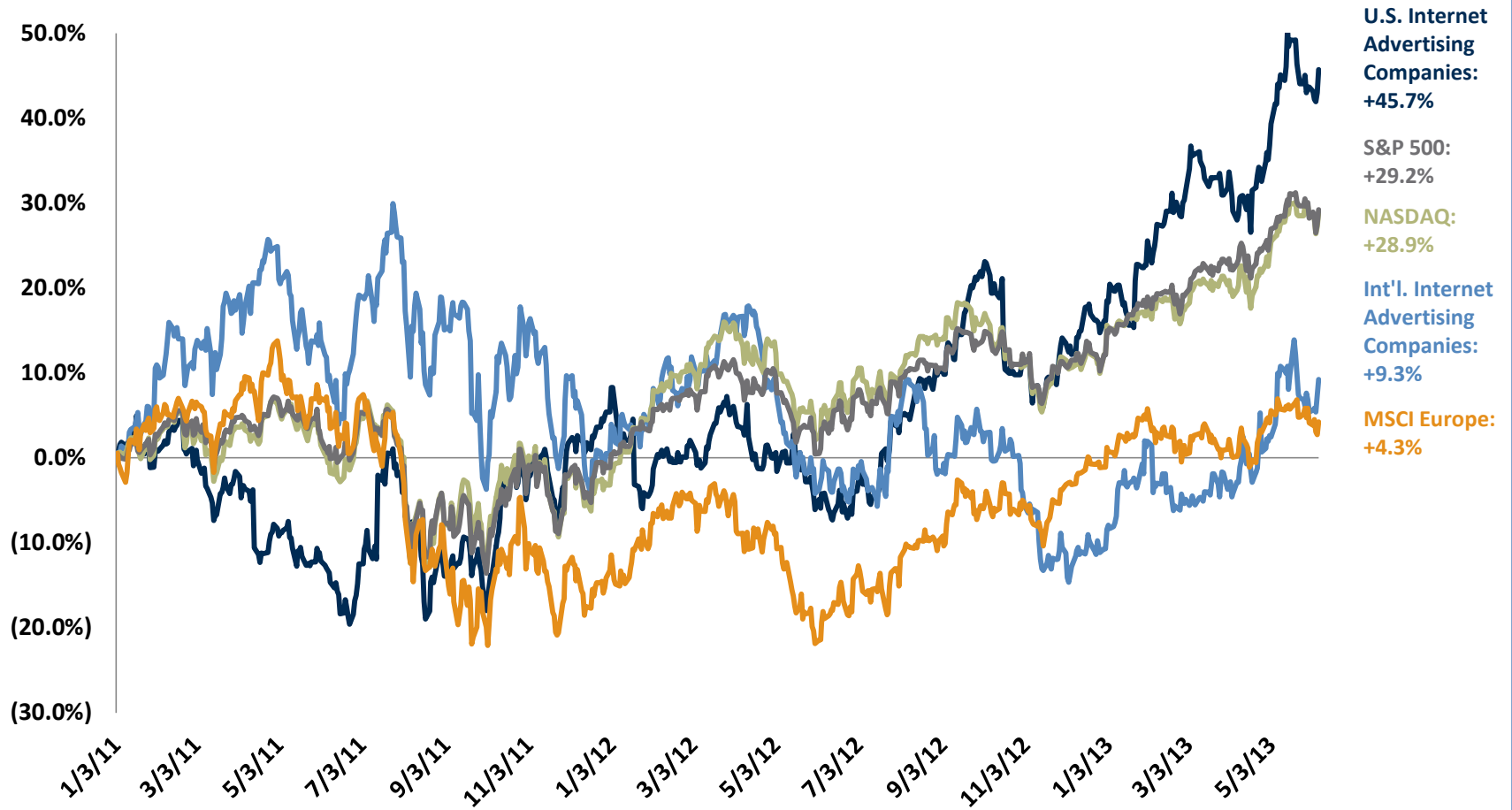
**IPO Activity** – Two Internet Advertising companies completed IPOs in the first half of the year. Marin Software raised \$105M on March 22<sup>nd</sup> and Marketo raised \$91M on May 17<sup>th</sup>.

**M&A Activity** – M&A activity YTD is weaker than that of 2012. Volume fell from 26 transactions in Q4 2012 to 16 in Q1 2013.

**Investment Activity** – Investment activity in Q1 2013 was stronger than that of Q4 2012. Volume rose from 37 to 48 investments, and aggregate deal value rose from \$264M to \$375M.

# Capital Markets Performance

Since 2011, U.S. Internet Advertising companies (+45.7%) have outperformed the S&P 500 (+29.2%), NASDAQ (+28.9%), International Internet Advertising companies (+9.3%), as well as MSCI Europe (+4.3%)

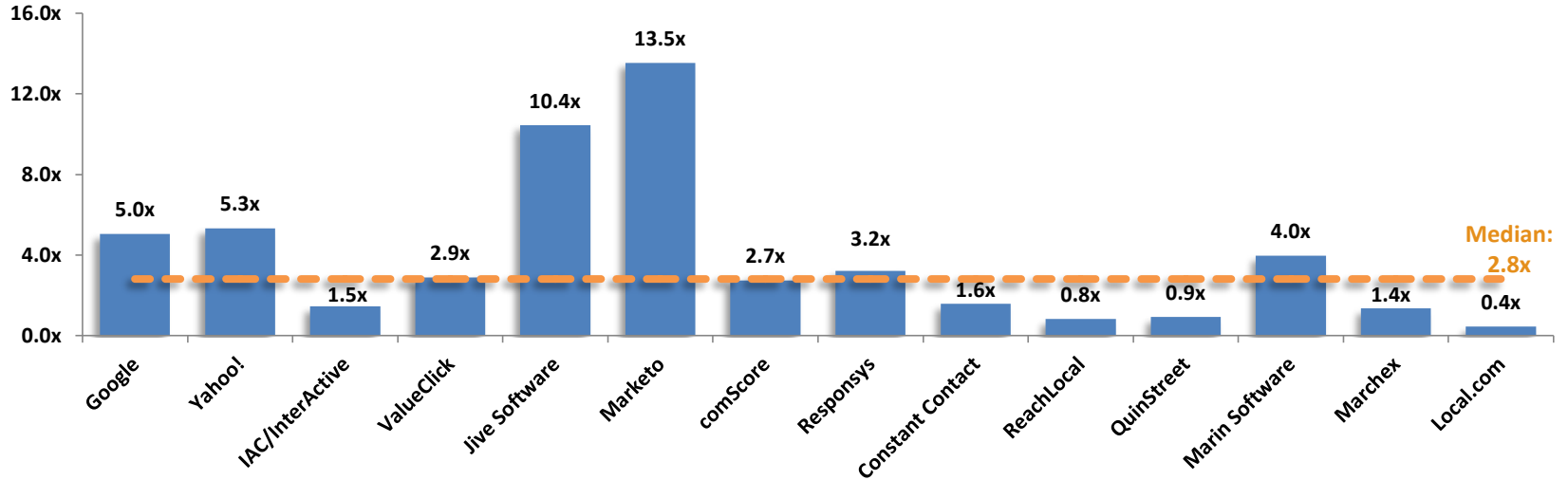


Source: Capital IQ as of 06/07/13; refer to public comps for constituents

# Internet Advertising Comparable Public Companies

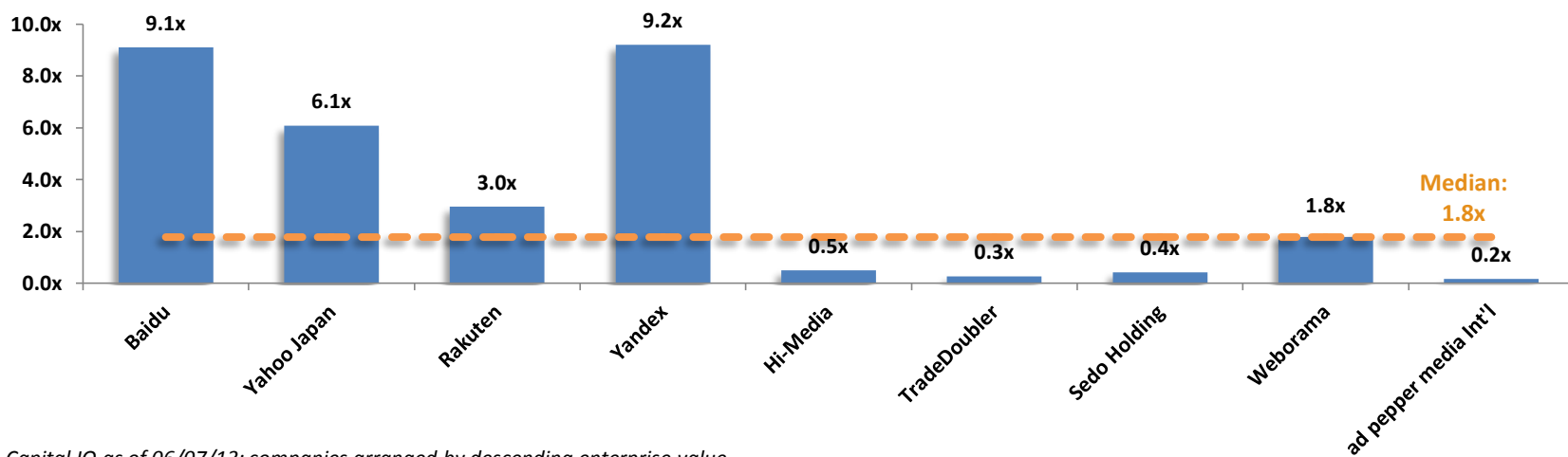
## U.S. Internet Advertising Companies

LTM Revenue Multiple



## International Internet Advertising Companies

LTM Revenue Multiple



Sources: Capital IQ as of 06/07/13; companies arranged by descending enterprise value



## Internet Advertising Comparable Public Companies (Cont.)

### Trading Metrics

(\$ in millions, except per share data)

Company	Ticker	Stock Price 06/07/13	52-Week Price Range		Market Cap.	Enterprise Value	EV / Revenue			EV / EBITDA			
			Low	High			CY 2012A	CY 2013E	CY 2014E	CY 2012A	CY 2013E	CY 2014E	
<b>U.S. COMPANIES</b>													
Google	Nasdaq:GOOG	\$879.73	\$556.52	\$920.60	\$295,917	\$253,195	5.0x	4.2x	3.6x	15.6x	11.6x	9.8x	
Yahoo!	Nasdaq:YHOO	27.04	14.59	27.68	29,489	26,557	5.3x	5.8x	5.7x	20.2x	16.1x	15.6x	
IAC/InterActive	Nasdaq:IACI	49.94	38.20	55.57	4,065	4,075	1.5x	1.3x	1.1x	9.7x	6.5x	5.5x	
ValueClick	Nasdaq:VCLK	25.20	13.80	32.25	1,947	1,898	2.9x	2.6x	2.3x	9.5x	7.5x	6.6x	
Jive Software	Nasdaq:JIVE	17.40	10.63	21.97	1,319	1,186	10.4x	7.9x	6.1x	NM	NM	NM	
Marketo	Nasdaq:MKTO	19.94	19.18	26.77	824	791	13.5x	NM	NM	NM	NM	NM	
comScore	Nasdaq:SCOR	21.86	11.30	21.91	753	698	2.7x	2.5x	2.2x	36.8x	13.5x	11.7x	
Responsys	Nasdaq:MKTG	11.51	5.47	12.59	628	523	3.2x	2.7x	2.3x	27.1x	18.8x	15.4x	
Constant Contact	Nasdaq:CTCT	16.14	11.50	21.22	496	398	1.6x	1.4x	1.3x	20.1x	8.9x	7.4x	
ReachLocal	Nasdaq:RLOC	15.06	9.71	17.39	460	372	0.8x	0.7x	0.6x	49.0x	13.0x	9.7x	
QuinStreet	Nasdaq:QNST	7.42	5.41	10.15	318	302	0.9x	1.0x	1.0x	7.1x	6.5x	7.1x	
Marin Software	NYSE:MRIN	10.60	8.75	19.95	345	236	4.0x	3.1x	2.5x	NM	NM	NM	
Marchex	Nasdaq:MCHX	5.71	2.99	6.33	205	188	1.4x	1.3x	1.1x	NM	12.6x	8.4x	
Local.com	Nasdaq:LOCM	1.63	1.42	3.00	37	43	0.4x	0.5x	0.4x	NM	8.9x	4.9x	
							<b>High</b>	<b>13.5x</b>	<b>7.9x</b>	<b>6.1x</b>	<b>49.0x</b>	<b>18.8x</b>	<b>15.6x</b>
							<b>Mean</b>	<b>3.8x</b>	<b>2.7x</b>	<b>2.3x</b>	<b>21.7x</b>	<b>11.3x</b>	<b>9.3x</b>
							<b>Median</b>	<b>2.8x</b>	<b>2.5x</b>	<b>2.2x</b>	<b>20.1x</b>	<b>11.6x</b>	<b>8.4x</b>
							<b>Low</b>	<b>0.4x</b>	<b>0.5x</b>	<b>0.4x</b>	<b>7.1x</b>	<b>6.5x</b>	<b>4.9x</b>
<b>INTERNATIONAL COMPANIES</b>													
Baidu	Nasdaq:BIDU	102.67	82.98	134.71	35,905	32,574	9.1x	6.7x	5.2x	16.1x	14.2x	11.5x	
Yahoo Japan	TSE:4689	472.40	235.43	548.83	27,163	22,844	6.1x	5.7x	5.0x	10.4x	10.3x	9.2x	
Rakuten	JASDAQ:4755	11.36	6.58	13.79	14,930	15,155	3.0x	2.9x	2.6x	13.2x	12.3x	10.8x	
Yandex	Nasdaq:YNDX	27.08	16.60	42.01	9,144	8,796	9.2x	7.3x	5.9x	20.8x	16.0x	13.0x	
Hi-Media	ENXTPA:HIM	2.31	2.17	3.00	103	130	0.5x	0.5x	0.5x	5.9x	6.1x	5.5x	
TradeDoublor	OM:TRAD	2.68	1.35	2.84	114	91	0.3x	0.3x	0.3x	17.5x	7.2x	6.1x	
Sedo Holding	XTRA:LKI	2.78	1.78	3.88	85	75	0.4x	0.4x	0.4x	11.9x	12.2x	14.8x	
Weborama	ENXTPA:ALWEB	17.22	16.25	29.03	60	57	1.8x	1.7x	1.5x	7.9x	8.2x	6.9x	
ad pepper media Int'l	XTRA:APM	1.19	1.06	1.52	25	12	0.2x	0.2x	0.2x	NM	NM	8.9x	
							<b>High</b>	<b>9.2x</b>	<b>7.3x</b>	<b>5.9x</b>	<b>20.8x</b>	<b>16.0x</b>	<b>14.8x</b>
							<b>Mean</b>	<b>3.4x</b>	<b>2.8x</b>	<b>2.4x</b>	<b>13.0x</b>	<b>10.8x</b>	<b>9.6x</b>
							<b>Median</b>	<b>1.8x</b>	<b>1.7x</b>	<b>1.5x</b>	<b>12.6x</b>	<b>11.2x</b>	<b>9.2x</b>
							<b>Low</b>	<b>0.2x</b>	<b>0.2x</b>	<b>0.2x</b>	<b>5.9x</b>	<b>6.1x</b>	<b>5.5x</b>

Source: Capital IQ as of 06/07/13

## Internet Advertising Comparable Public Companies (Cont.)

### Operating Metrics

(\$ in millions, except per share data)

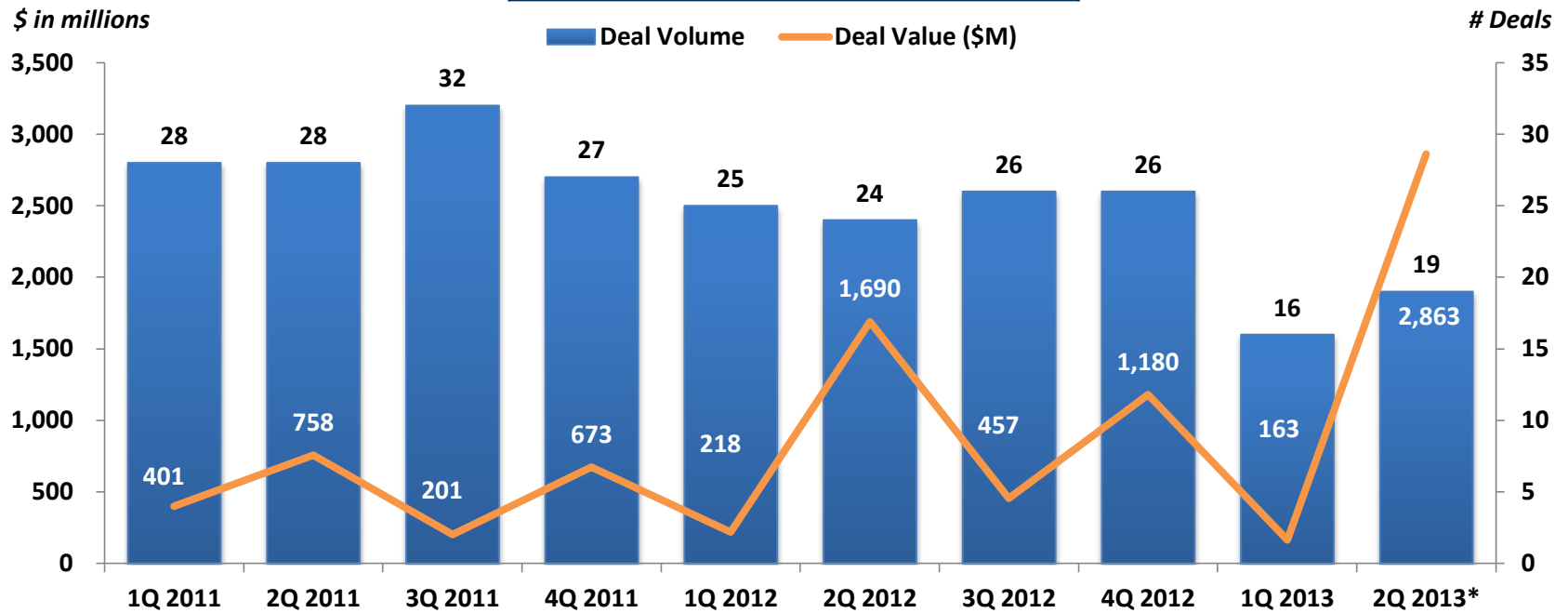
Company	Ticker	LTM As Of	Revenue Growth		LTM GM	Revenue			EBITDA		
			'12A-'13E	'13E-'14E		CY 2012A	CY 2013E	CY 2014E	CY 2012A	CY 2013E	CY 2014E
<b>U.S. COMPANIES</b>											
Google	Nasdaq:GOOG	Mar 2013	20%	18%	58%	\$50,175	\$60,068	\$70,663	\$16,278	\$21,797	\$25,778
Yahoo!	Nasdaq:YHOO	Mar 2013	(9%)	2%	68%	4,987	4,561	4,668	1,315	1,654	1,702
IAC/InterActive	Nasdaq:IACI	Mar 2013	15%	12%	65%	2,801	3,212	3,595	419	626	747
ValueClick	Nasdaq:VCLK	Mar 2013	12%	12%	62%	661	740	830	201	251	286
Jive Software	Nasdaq:JIVE	Mar 2013	32%	29%	61%	114	151	195	NM	NA	NA
Marketo	Nasdaq:MKTO	Mar 2013	NM	NA	57%	58	NA	NA	NM	NA	NA
comScore	Nasdaq:SCOR	Mar 2013	10%	12%	66%	255	282	315	19	52	60
Responsys	Nasdaq:MKTG	Mar 2013	18%	17%	54%	163	192	224	19	28	34
Constant Contact	Nasdaq:CTCT	Mar 2013	13%	11%	71%	252	286	318	20	45	54
ReachLocal	Nasdaq:RLOC	Mar 2013	16%	16%	50%	455	530	612	8	29	38
QuinStreet	Nasdaq:QNST	Mar 2013	(7%)	(3%)	18%	329	307	298	43	47	43
Marin Software	NYSE:MRIN	Mar 2013	27%	23%	58%	60	76	93	NM	NA	NA
Marchex	Nasdaq:MCHX	Mar 2013	6%	14%	41%	138	147	166	1	15	22
Local.com	Nasdaq:LOCM	Mar 2013	(4%)	6%	26%	98	94	100	NM	5	9
<b>INTERNATIONAL COMPANIES</b>											
Baidu	Nasdaq:BIDU	Mar 2013	36%	28%	77%	3,576	4,853	6,228	2,025	2,296	2,835
Yahoo Japan	TSE:4689	Mar 2013	7%	14%	86%	3,757	4,016	4,594	2,199	2,228	2,473
Rakuten	JASDAQ:4755	Mar 2013	1%	13%	83%	5,127	5,174	5,825	1,147	1,227	1,397
Yandex	Nasdaq:YNDX	Mar 2013	27%	24%	75%	955	1,213	1,500	422	549	677
Hi-Media	ENXTPA:HIM	Dec 2012	5%	7%	22%	257	270	288	22	21	24
TradeDoublor	OM:TRAD	Mar 2013	(9%)	5%	23%	354	323	338	5	13	15
Sedo Holding	XTRA:LKI	Mar 2013	11%	3%	18%	175	195	200	6	6	5
Weborama	ENXTPA:ALWEB	Dec 2012	8%	12%	20%	32	35	39	7	7	8
ad pepper media Int'l	XTRA:APM	Mar 2013	(2%)	11%	43%	73	71	78	NM	NA	1



Source: Capital IQ as of 06/07/13

# Internet Advertising M&A Volume Trending Down

Average LTM Revenue Multiple		
2010	2011	2012
5.9x	7.8x	11.4x



## Top 3 Acquisitions by Quarter (\$M) – Target / Acquirer

1Q11	2Q11	3Q11	4Q11	1Q12	2Q12	3Q12	4Q12	1Q13	2Q13*
Radian6 / Salesforce (\$326)	MediaMind / DG (\$517)	EyeWonder / DG (\$66)	Efficient Frntr. / Adobe (\$400)	iContact / Vocus (\$179)	Buddy Media / Salesforce (\$689)	Wildfire / Google (\$350)	Eloqua / Oracle (\$956)	Channel Intel / Google (\$125)	ExactTarget / Salesforce (\$2,500)
Goviral / AOL (\$74)	Greystripe / ValueClick (\$70)	Vovici / Verint (\$57)	Interclick / Yahoo! (\$270)	Kontexto / Sargas (\$10)	Demandforce / Intuit (\$423)	SPEED FC / Navarre (\$50)	Pardot / ExactTarget (\$95)	i-design Grp. / Cardtronics (\$12)	Mkt. Leader / Trulia (\$355)
Kwkly / Reply! (\$1)	Tatto Media / Ozura World (\$60)	Prospectiv Dir. / Affinion (\$30)	Searchteria / GMO AD (\$3)	LeadFormix / Callidus (\$9)	Vitruve / Oracle (\$325)	TigerLead / Move (\$22)	ClickMotive / DealerTrak (\$61)		NComVA / QlikTech (\$8)

Source: 451 Group; includes transactions with disclosed, estimated, undisclosed transaction values

\*2Q13 through 06/07/13

Top 3 acquisitions with disclosed transaction values



## Top Acquirers in Internet Advertising Market

### Top Acquirers by Volume – Three or More Acquisitions, 2011 – Present

Buyer	# Acquisitions	Total Value (\$M)	Targets
Google	5	475.0	Admeld, Channel Intelligence, Incentive Targeting, Wildfire, Zave Networks
Salesforce	3	3,515.0	Buddy Media, ExactTarget, Radian6
Oracle	3	1,281.0	Eloqua, Involver, Vitrue
DG	3	596.2	EyeWonder, MediaMind, Peer39
Adobe	3	400.0	Auditudo, Demdex, Efficient Frontier

### Top Acquirers by Total Transaction Value – Greater than \$100M, 2011 – Present

Buyer	Total Value (\$M)	Targets
Salesforce	3,515.0	Buddy Media, ExactTarget, Radian6
Oracle	1,281.0	Eloqua, Involver, Vitrue
DG	596.2	EyeWonder, MediaMind, Peer39
Google	475.0	Admeld, Channel Intelligence, Incentive Targeting, Wildfire, Zave Networks
Intuit	423.5	Demandforce
Adobe	400.0	Auditudo, Demdex, Efficient Frontier
Trulia	355.0	Market Leader
Yahoo	298.0	5to1.com, interclick
Vocus	179.0	iContact
Teradata	150.0	eCircle



Source: 451 Group through 06/07/13; includes transactions with disclosed, estimated, undisclosed values





## Internet Advertising M&A Case Study

On June 4, 2013



ACQUIRES

ExactTarget®

### Transaction Overview:

- \$2.5 billion acquisition of ExactTarget by Salesforce
  - \$33.75 per share, \$2.4 billion Enterprise Value
- ExactTarget had \$317.1 million LTM revenue at time of acquisition, putting the revenue multiple at 7.6x
- Per-share purchase price represents a 52.7% share premium over the last trading day
- At 1,700 employees, consideration per employee is \$1.5 million

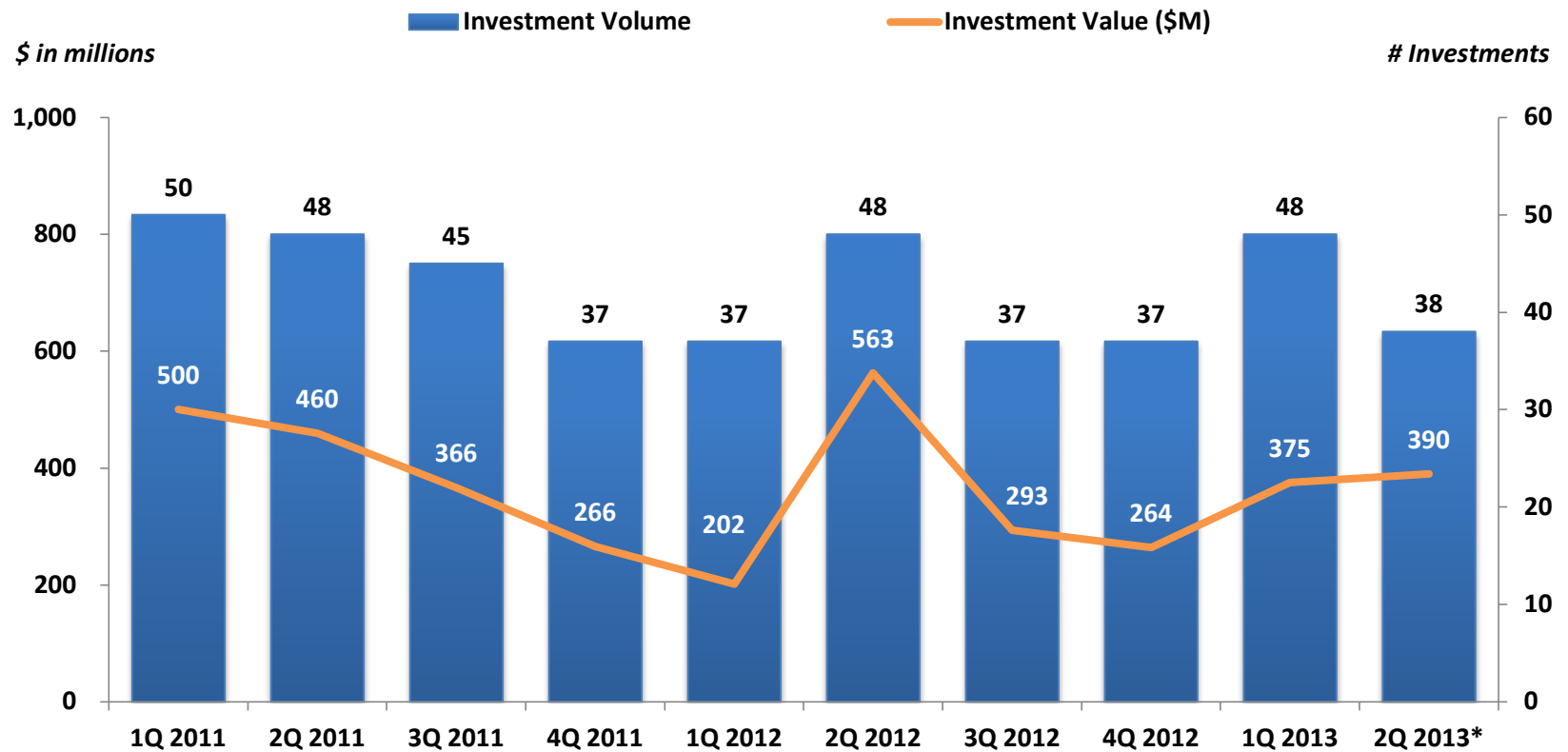
### Target Description

- Provides email, mobile and social media marketing campaign creation, management and delivery software as a service (SaaS) for businesses. Also provides related marketing campaign analytics SaaS.

### Transaction Commentary:

- Salesforce will integrate ExactTarget's marketing automation platform to help build its marketing business
- The acquisition brings in both the email marketing automation capabilities of the ExactTarget platform, along with the lead-nurturing capabilities of Pardot (acquired by ExactTarget on 10/11/2012)
- The acquisition gives Salesforce industry solutions across several major CRM pillars, creating a more comprehensive platform for companies to connect to their customers
- Transaction removes ExactTarget as an industry acquirer and Salesforce CEO Marc Benioff states, "I really think what you are going to see is us taking a vacation from M&A for anywhere between probably 12 and 18 months."

## Internet Advertising Investment Volume Remains Steady



### Top 3 Investments by Quarter (\$M)

1Q11	2Q11	3Q11	4Q11	1Q12	2Q12	3Q12	4Q12	1Q13	2Q13*
Adknowledge (\$200)	Dianping.com (\$100)	Adchemy (\$61)	BrightRoll (\$30)	Marin (\$30)	AVITO.ru (\$75)	Dianping.com (\$60)	Emailvision (\$30)	AppNexus (\$75)	Brand Networks (\$68)
Videology (\$30)	MediaV (\$50)	Reply!com (\$41)	Radiate Media (\$22)	Resonate Ntwk (\$22)	XL Marketing (\$70)	Say Media (\$27)	BloomReach (\$25)	Infusionsoft (\$60)	Videology (\$60)
Centro (\$23)	Invidi (\$40)	Tremor Video (\$37)	Moment Sys. (\$20)	BrightEdge (\$12)	LifeStreet (\$66)	Visible Tech. (\$24)	theAudience (\$20)	OpenX (\$25)	MarketShare (\$38)

Source: PitchBook; includes transactions with disclosed, estimated, undisclosed transaction values

\*2Q13 through 06/07/13

Top 3 investments with disclosed investment values



# Top Investors In Internet Advertising Market

## Top Investors by Volume, 2011 – Present

Investor	Investments	Targets
First Round Capital	16	33Across, Altruik, DoubleVerify, elicit, Flurry, HandShakez, Jirafe, Moat, Nomi, Percolate Industries, Say Media, Solve Media, VigLink
Greycroft Partners	14	33Across, elicit, Etouches, Media Armor, Netsertive, Nomi, Performance Horizon Group, Radiate Media, Resonate Networks, Skimbit, SteelHouse, TagMan
Sequoia Capital	10	AgilOne, Dianping.com, Flite, Innovid, Kenshoo, Lattice Engines, Taykey
Lerer Ventures	9	Bloglovin, GraphEffect, Moat, OrderGroove, Percolate Industries, Tapad, Tubular Labs
Accel Partners	8	AdRoll, AVITO.ru, Dealer.com, Etsy, Genius.com, myThings, OpenX Software
Intel Capital	8	BrightEdge Technologies, Delivery Agent, Kaltura, Movable, PerspecSys, Sprinklr, Zamplus Technology
New Enterprise Associates	8	BloomReach, Compass Labs, Lattice Engines, Referly, Say Media, SugarCRM, Videology, WibiData.com
Bain Capital Ventures	7	BloomReach, HookLogic, Linkable Networks, Persado, TargetSpot, TellApart
Draper Fisher Jurvetson	7	4Info, Komli Media, MomentFeed, SugarCRM, Virol, Yodle
Norwest Venture Partners	7	Act-On Software, Extole, Komli Media, Turn
WGI Group	7	Maxifier, Moat, NowSpots, Optimal, Yext

Source: PitchBook through 06/07/13; number of investments may include follow-on investments in same target

## Internet Advertising Investment Case Study

On January 24, 2013



INVESTED IN



### Transaction Overview:

- \$75 million investment in AppNexus by Technology Crossover Ventures, Tribeca Venture Partners, and Venrock
- Series D round of funding
  - Post-money valuation of \$625.2 million
- \$65.5 million raised at time of funding
- ~\$50 million revenue in 2012

### Target Description:

- Developer of a virtualized cloud computing platform for online advertising applications. The company develops and manages an online advertisement exchange.

### Transaction Commentary:

- The new funding comes after AppNexus managed approximately \$700 million in advertising spend and nearly tripled its revenue
- According to AppNexus, the money will be used to “create the next generation of innovations that will transform online advertising”
- According to TechCrunch, quoting CEO Brian O’Kelley, “the new funds put AppNexus in a good position to continue its accelerated growth”



Source: Business Insider, PitchBook, TechCrunch



# Headwaters Is Your Premier Choice

We are seasoned bankers, technologists, and strategists

## Relevant transaction expertise

- Completed multiple Internet Advertising (“IA”) and Mobile Marketing & Advertising (“MMA”) transactions with many strategic acquirers and investors

## Strong relationships with key strategic parties

- Sector focus and industry experience means we are in frequent communication with likely interested acquirers and investors

Over 350 Companies covered in Internet Advertising, 150 in MMA

## Direct market coverage gives us unique insights regarding:

- Strategic targets and investors
- IA & MMA IP / value chain
- Competitive and adjacent market activity
- Growth markets

## Highly customized process to fit specific dynamic context

- One size fits all auction processes not the best in IA or MMA
- We run a focused, intelligent process with proper company positioning tailored to specific acquirers selected for premium valuation

We think “outside the box” – complex situations require creative solutions



2012 TMT DEAL OF THE YEAR <\$100M



2012 INTERNATIONAL DEAL OF THE YEAR



INVESTMENT BANK OF THE YEAR



INVESTMENT BANK OF THE YEAR

**avail**

HAS BEEN ACQUIRED BY

**richrelevance**

Financial Advisor to the Seller

**Payment**

HAS DIVESTED SPECIFIC ASSETS TO

**intuit**

Financial Advisor to the Seller

**Superclick™ networks**

HAS BEEN ACQUIRED BY

**at&t**

Financial Advisor to the Seller

**iLoop mobile**

HAS BEEN ACQUIRED BY

**Lenco Mobile**

Financial Advisor to the Seller

**RIGHTSFLOW**

HAS BEEN ACQUIRED BY

**Google**

Financial Advisor to the Seller









**Urchin**















HAS BEEN ACQUIRED BY












**Google**

Financial Advisor to the Seller

# Strong TMT Momentum

 HAS BEEN ACQUIRED BY  Financial Advisor to the Seller	 HAS BEEN ACQUIRED BY  Financial Advisor to the Seller	 HAS DIVESTED SPECIFIC ASSETS TO  Financial Advisor to the Seller	 HAS BEEN ACQUIRED BY  Financial Advisor to the Seller
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 HAS BEEN ACQUIRED BY  Financial Advisor to the Seller	 HAS BEEN ACQUIRED BY  Financial Advisor to the Seller	 HAS BEEN ACQUIRED BY  Financial Advisor to the Seller	 HAS BEEN ACQUIRED BY  Financial Advisor to the Seller	 HAS ACQUIRED  Financial Advisor to the Buyer	 HAS ACQUIRED AND RECAPITALIZED  Financial Advisor to the Buyer	 HAS BEEN ACQUIRED BY  Financial Advisor to the Seller
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 HAS BEEN ACQUIRED BY  Financial Advisor to the Seller	 HAS BEEN ACQUIRED BY  Financial Advisor to the Seller	 HAS BEEN ACQUIRED BY  Financial Advisor to the Seller	 HAS BEEN ACQUIRED BY  Financial Advisor to the Seller	 IPO Lead Manager	 IPO Lead Manager	 IPO Lead Manager
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Selected transactions; certain transactions executed by Headwaters MB bankers at prior firms

Contact



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| Appendix:  
2013 YTD Internet Advertising  
Precedent M&A Transactions





## 2013 YTD Precedent M&A Transactions

	EV (\$M)	EV/LTM Revenue	EV/LTM EBITDA
High	\$2,399.0	7.6x	36.2x
Mean	483.5	5.5x	36.2x
Median	75.0	5.9x	36.2x
Low	7.6	2.4x	36.2x

Date	Target	Target Description	Acquirer(s)	Enterprise Value (\$M)	EV / LTM Revenue	EV / LTM EBITDA
06/05/13	hybris GmbH [Huntsman Gay Global Capital]	Provides e-commerce management software and software as a service (SaaS) for businesses globally.	SAP AG	--	--	--
06/04/13	AdFederal Media	Operates an online display advertising network and provides search engine optimization (SEO) and social media marketing services for businesses globally.	Lyxel Digital	--	--	--
06/04/13	Crucial Interactive Inc.	Operates an online banner and video advertising network for businesses in Canada.	Rebellion Media Group Corp.	--	--	--
06/04/13	ExactTarget [NYSE: ET]	Provides email, mobile and social media marketing campaign creation, management and delivery software as a service (SaaS) for businesses. Also provides related marketing campaign analytics SaaS.	salesforce.com	2,399.0	7.6x	--
06/03/13	ToneMedia, LLC	Operates an online video and banner advertising network that targets consumers visiting music-related websites.	Cellfish Media LLC	--	--	--
05/22/13	Nine By Blue	Provides search engine optimization (SEO) campaign and website traffic analytics software for businesses.	Rimm-Kaufman Group, The [dba RKG]	--	--	--
05/20/13	NetShelter Technology Media	Provides online advertising campaign management software that automatically aggregates and distributes relevant online content alongside advertisements.	j2 Global	--	--	--
05/13/13	Shareifyoulike	Operates an online video advertising network that enables businesses in Germany to distribute video content via websites, blogs and social networks.	Unruly Media	--	--	--
05/09/13	Selective Media	Operates an online video and display advertising network that delivers ads to consumers based on their location.	Arqiva [fka NTL Broadcast]	--	--	--
05/08/13	Market Leader, Inc.	Provides lead generation SaaS for the real estate sector.	Trulia, Inc. [NYSE:TRLA]	332.8	7.4x	--



Source: 451 Group

## 2013 YTD Precedent M&A Transactions

	EV (\$M)	EV/LTM Revenue	EV/LTM EBITDA
High	\$2,399.0	7.6x	36.2x
Mean	483.5	5.5x	36.2x
Median	75.0	5.9x	36.2x
Low	7.6	2.4x	36.2x

Date	Target	Target Description	Acquirer(s)	Enterprise Value (\$M)	EV / LTM Revenue	EV / LTM EBITDA
05/08/13	Zolman Organization, LLC	Provides alpha-stage online marketing campaign management software that enables businesses to aggregate and analyze Google Adwords quality scores.	Get Found First, LLC	--	--	--
05/07/13	Haystak Digital Marketing	Provides search engine optimization (SEO), pay-per-click (PPC) and display ad, and mobile and social media marketing campaign management software as a service (SaaS) for automobile dealers.	VinSolutions L.L.C. [AutoTrader.com]	--	--	--
05/06/13	NComVA AB	Provides website visitor analytics and visualization software for businesses globally.	QlikTech	7.6	--	--
05/06/13	Tweasy SA	Provides email and mobile marketing campaign creation and delivery software as a service (SaaS) for businesses in Europe. Also provides website development SaaS.	Swisscom AG	--	--	--
05/02/13	Metric Science Ltd.	Provides online banner ad campaign performance analytics software for the purpose of marketing campaign optimization for businesses in the UK.	OnScroll Limited	--	--	--
05/01/13	JangoMail	Provides email marketing campaign creation, delivery and tracking software as a service (SaaS) for businesses.	Everest Group LLC	--	--	--
04/30/13	SmartSource Corporation	Provides email marketing campaign creation, management and delivery software as a service (SaaS) for businesses. Also provides email marketing services.	extraprise	--	--	--
04/19/13	Bloggerfy	Operates an online banner advertising network for bloggers in Sweden and Norway.	Eniro AB	--	--	--
04/10/13	Dedicated Media	Operates an online display, video and mobile advertising network for businesses in the US. Also provide search engine optimization (SEO) and social media marketing services.	LIN TV Corp	--	--	--
03/20/13	AdExcite	Operates an online and mobile video advertising network for businesses globally.	Q1Media, Inc.	--	--	--



Source: 451 Group

## 2013 YTD Precedent M&A Transactions

	EV (\$M)	EV/LTM Revenue	EV/LTM EBITDA
High	\$2,399.0	7.6x	36.2x
Mean	483.5	5.5x	36.2x
Median	75.0	5.9x	36.2x
Low	7.6	2.4x	36.2x

Date	Target	Target Description	Acquirer(s)	Enterprise Value (\$M)	EV / LTM Revenue	EV / LTM EBITDA
03/14/13	Next Tech Markets [dba B2B Audience Network]	Operates an online advertising network for businesses.	ePublishing Inc	--	--	--
03/12/13	Appature Inc	Provides marketing automation SaaS that enables businesses in the medical and life sciences sector to create and manage email, direct mail, social media and online marketing campaigns.	IMS Health, Inc. [TPG Capital/CPP Investment Board]	--	--	--
03/08/13	Bulbstorm	Provides Facebook marketing campaign creation and management software for businesses globally. Software enables companies to collect consumer sentiment and opinions regarding products and services.	ePrize, LLC [Catterton Partners]	--	--	--
03/05/13	Ludis Media Inc (certain assets)	Certain assets of Ludis Media, which operates an online advertising network for businesses in Canada and Europe.	SYD Media LTD.	--	--	--
02/28/13	Microsoft (Atlas Advertiser Suite)	Microsoft's Atlas Advantage Suite assets, which provide online marketing campaign creation and management software for businesses.	Facebook	--	--	--
02/20/13	AfterDownload	Provides online advertising SaaS that enables software developers to embed downloadable software links in graphic ads. Ads appear during or after a user has downloaded another piece of software.	ironSource Israel	--	--	--
02/14/13	VOLT	Operates an online video advertising network that enables businesses in Australia and New Zealand to deliver ads via websites, mobile devices and Internet-connected TVs.	AlphaBird, Inc.	--	--	--
02/13/13	i-design group plc	Provides ATM customer interface advertising software for financial institutions and terminal owners. Software enables banks and ATM network operators to deliver marketing content via screens and receipts.	Cardtronics, Inc.	11.7	2.4x	36.2x
02/06/13	channel intelligence inc.	Provides e-commerce software that enables businesses globally to refer online shoppers to third-party retail websites for lead generation purposes.	Google, Inc.	125.0	4.5x	--
01/28/13	PageLever Inc	Provides Facebook marketing campaign BI analytics SaaS. Service enables businesses to monitor and analyze paid and organic impressions on Facebook fan pages	UNIFIED Social Inc	--	--	--



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## 2013 YTD Precedent M&A Transactions

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Date	Target	Target Description	Acquirer(s)	Enterprise Value (\$M)	EV / LTM Revenue	EV / LTM EBITDA
01/24/13	Adequate Systems	Provides PR campaign management SaaS that enables businesses to share business contacts, distribute releases & track campaigns. Offers direct and email marketing campaign management and tracking SaaS.	Augure	--	--	--
01/24/13	Akamai (Advertising Decision Solutions)	Akamai's Advertising Decision Solutions (ADS) business, which provides online ad tracking software that enables businesses to analyze visitor and customer behavior for the purpose of gaining BI data.	MediaMath	25.0	--	--
01/22/13	GroSocial, Inc.	Provides Facebook and Twitter profile and advertising campaign development and sales lead collection software as a service (SaaS) for businesses.	Infusionsoft	--	--	--
01/08/13	Touchvibes	Operates an online affiliate advertising network for businesses in France. Transaction was reported by Telecompaper on January 8, 2013.	CCM Benchmark [Commentcamarche.net]	--	--	--
01/08/13	Fanminder, Inc.	Provides marketing automation software as a service (SaaS) that enables businesses in the US to create customer rewards and coupons and distribute them via social networks, email and text messages.	Total Merchant Services, Inc.	--	--	--



Source: 451 Group

| Appendix:  
2013 YTD Internet Advertising  
Precedent Investments



## 2013 YTD Precedent Investments, \$5M+

	Deal Size (\$M)	Company Valuation (\$M)
High	\$75.0	\$625.2
Mean	19.6	222.1
Median	14.5	91.6
Low	5.0	80.0

Date	Target	Target Description	Investor(s)	Deal Type	Deal Size (\$M)	Company Valuation (\$M)
6/6/2013	Brand Networks	Provider of integrated social software services and digital marketing services for variety of brands. The company also delivers enterprise-ready social applications with its Social Marketing Stack.	AEA Investors	PE Growth/Expansion	68.0	--
5/29/2013	Five9	Provider of an on-demand call center software for inbound, outbound and blended call centers. Products include an outbound campaign management service.	Adams Street, Hummer Winblad, Partech, SAP	Series D	34.5	--
5/28/2013	Videology	Provider of an online video advertising platform. The company's platform enables advertisers to connect brands with specific audiences.	Catalyst, Comcast, NEA, Pinnacle, Valhalla	Series D	60.0	--
5/23/2013	WibiData	Provider of data management and analysis software. The company provides data storage and analytics tool, which stores customer profiles and their transaction data and analyses customer behavior.	Canaan, Individual Investor, NEA	Series B	15.0	--
05/14/13	Zoove	It offers marketers to leverage media, mobile and marketing through a single platform in order to create any offline-to-online brand experience.	Highland, Panorama, RVP, WTP	Series E	15.0	--
05/08/13	Movable	Provider of an email marketing platform. The company develops a software that helps businesses make their email campaigns more effective through the use of real-time content.	Contour, ff, Intel, Kima, MVP, SVB, WSGR	Series B	11.0	--
05/06/13	Kinetic Social	Provider of a social advertising and media marketing platform. The company provides audience-based digital marketing services, including integrate display and mobile campaigns with the social graph.	Blue Chip Venture	Series A	8.0	--
04/25/13	Datalogix	Provider of data and technology-driven software for direct marketers and brand advertisers.	Costanoa, General Catalyst, IVP, SVP	Series B	25.0	--
04/23/13	Treato	The company's software collects data from patient-written blogs and forums and with natural language processing, extracts relevant data and creates a data-rich overview of the collective patient experience.	Individual Investor, New Leaf, OrbiMed, REV, WTI	Series B	14.5	--
04/19/13	LSN Mobile	The company uses its partnerships with leading broadcast affiliates to develop strategies with mobile companies for advertising campaigns, display advertising and messaging to local online users.	Fulcrum Equity Partners	PE Growth/Expansion	5.0	--



Source: PitchBook

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Median	14.5	91.6
Low	5.0	80.0

Date	Target	Target Description	Investor(s)	Deal Type	Deal Size (\$M)	Company Valuation (\$M)
04/16/13	MarketShare Partners	Provider of consulting services and marketing analytics. The company offers Compass, a resource allocation optimizer for marketers that allows various scenarios to be created and tested.	Elevation Partners, FTV Capital	PE Growth/Expansion	38.0	--
04/16/13	SocialFlow	The company enables e-commerce businesses and media organizations to track real-time conversation flow on Facebook and Twitter, to capture peak audience attention for their messages.	AOL, Betaworks, FCP, kbs+, Rand, RRE, Softbank	Series B	10.1	--
04/10/13	AudienceScience	Provider of a platform for online marketing. The company offers tech-centric online marketing services which include comprehensive business intelligence, reporting services and audience delivery system.	--	Later Stage VC	9.2	--
04/04/13	Fullscreen	Provider of an online platform for managing YouTube content. The company provides users with tools to monetize and track the performance of their videos and music on the YouTube platform.	Comcast Ventures, The Chernin Group	Early Stage VC	30.0	80.0
04/03/13	Tealium	Provider of web analytics and digital marketing software. The company offers tag management system for enterprise web sites.	Battery, Presidio, Tenaya	Series C	15.6	--
03/28/13	Zamplus Technology	Provider of Internet-data services for advertising analytics. The company's core product is an advertising-delivery system that creates re-marketing for Internet advertisers.	Intel Capital	Series A	20.0	--
03/27/13	Demandbase	Developer of B2B marketing software. The company provides sales and marketing professionals with the pay-as-you-go service for buying B2B marketing lists and sales leads.	Adobe, Altos, Costanoa, Scale, Sigma, Sutter Hill	Later Stage VC	15.0	--
03/21/13	Tapad	Provider of cross-platform advertising solutions for advertisers, agencies and trading desks. The company's technology allows advertisers to view analytics of media consumption multiple devices.	Avalon Ventures, FTVF, FirstMark Capital	Series B	6.5	--
03/20/13	Dachis Group	Developer of social marketing software. The company's social analytics platform monitors social behaviors and social signals in real time.	Austin Ventures	Series C	7.5	--
03/08/13	Tracx	Provider of Social Media Management System. The company offers real time social data analytics architecture that runs relevancy analysis and data mining technologies to simplify social analytics.	Flybridge Capital Partners, Revel Partners, Rutledge	Series B	7.9	--



Source: PitchBook

## 2013 YTD Precedent Investments, \$5M+

	Deal Size (\$M)	Company Valuation (\$M)
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Median	14.5	91.6
Low	5.0	80.0

Date	Target	Target Description	Investor(s)	Deal Type	Deal Size (\$M)	Company Valuation (\$M)
03/06/13	Innovid	Provider of video advertising platform. The company offers advertisers with the tools to create, deliver and measure video campaigns, in any format, on any screen, publisher and advertising network.	Genesis Partners, Sequoia, T-Venture, Vintage	Series C	11.0	--
03/04/13	Yodle	Provider of on-line advertising services for businesses. The company is a leading provider of local on-line advertising that provides businesses with a simple and affordable way to get more customers.	Draper Fisher Jurvetson	Later Stage VC	5.0	--
02/26/13	OpenX Software	Provider of digital and mobile advertising technology. Products, including OpenX Enterprise and OpenX Market, provide a comprehensive revenue serving platform.	Accel, Cyber, Index, Mitsui, Presidio, Samsung, SAP	Series E	25.0	--
02/14/13	Virool	Developer of social video advertising platform. The company allows anyone with a video to reach their target audience on Facebook, mobile phones and niche sites.	500 Startups, DFund, DFJ, FundersClub, Individual, Menlo, Phenomen, Thomvest, TMT	Seed Round	6.6	--
02/14/13	Simulmedia	Provider of web-like advertising techniques for television. The company offers a scaled digital advertisement targeting platform for linear television.	Avalon Ventures, Time Warner, Union Square	Later Stage VC	5.0	--
02/13/13	Persado	Provider of data to help and build a successful campaign or promotion. The company maps the genome of marketing language and generates the marketing messages for any customer segment and any product.	Bain, TL Capitol	Early Stage VC	15.0	--
02/05/13	Spredfast	Provider of independent social marketing software. The company's software allows organizations to manage, monitor and measure their social media programs at scale.	Austin Ventures, InterWest, OpenView	Later Stage VC	18.0	84.7
02/05/13	Sprinklr	The company offers a social media management system which provide Social Governance, Social Engagement, Social Audience management, Social Analytics and Social Integration.	Battery Ventures, Intel Capital	Early Stage VC	15.0	--
01/24/13	AppNexus	Developer of a virtualized cloud computing platform for online advertising applications. The company develops and manages an online advertisement exchange.	TCV, Tribeca, Venrock	Series D	75.0	625.2
01/24/13	Extole	Provider of a social advocacy platform for brands and agencies to drive results through word of mouth (WOM) marketing. The company's platform helps brands engage consumers across all touch points.	NVP, Redpoint, Shasta Ventures, Trident	Series C	7.6	98.6



Source: PitchBook



## 2013 YTD Precedent Investments, \$5M+

	<u>Deal Size</u> <u>(\$M)</u>	<u>Company</u> <u>Valuation</u> <u>(\$M)</u>
<b>High</b>	\$75.0	\$625.2
<b>Mean</b>	19.6	222.1
<b>Median</b>	14.5	91.6
<b>Low</b>	5.0	80.0

Date	Target	Target Description	Investor(s)	Deal Type	Deal Size (\$M)	Company Valuation (\$M)
01/22/13	Optimal	Provider of a social media advertising and analytics platform. The company helps marketers manage and optimize their social advertising campaigns in real-time.	DoubleRock, Individual, Neu, Siemer, Signal, SVB, SS, Stonnington, TSIF, WGI	Series B	7.0	--
01/21/13	Adometry Inc	Provider of an online advertising and audience verification platform. The company provides audience verification and traffic quality management services.	Austin Ventures, Shasta Ventures, Sierra	Series D	8.0	--
1/14/2013	Convertro	Provider of a platform to measure and optimize ad campaign effectiveness using cross-channel attribution of online and traditional media channels.	Bessemer Venture Partners, DAG	Series B	5.0	--
1/8/2013	Pontiflex	Provider of an online lead generation marketplace. The company operates a mobile and online signup ads platform for advertisers, mobile application developers, online publishers and social networks.	The Blackstone Group	Later Stage VC	6.2	--
1/4/2013	Infusionsoft	Provider of marketing automation software solutions for entrepreneurs and small businesses. The company provides Web-based automated follow-up marketing software solutions.	Arthur Ventures, Goldman Sachs	Series C	60.0	--



Source: PitchBook

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