

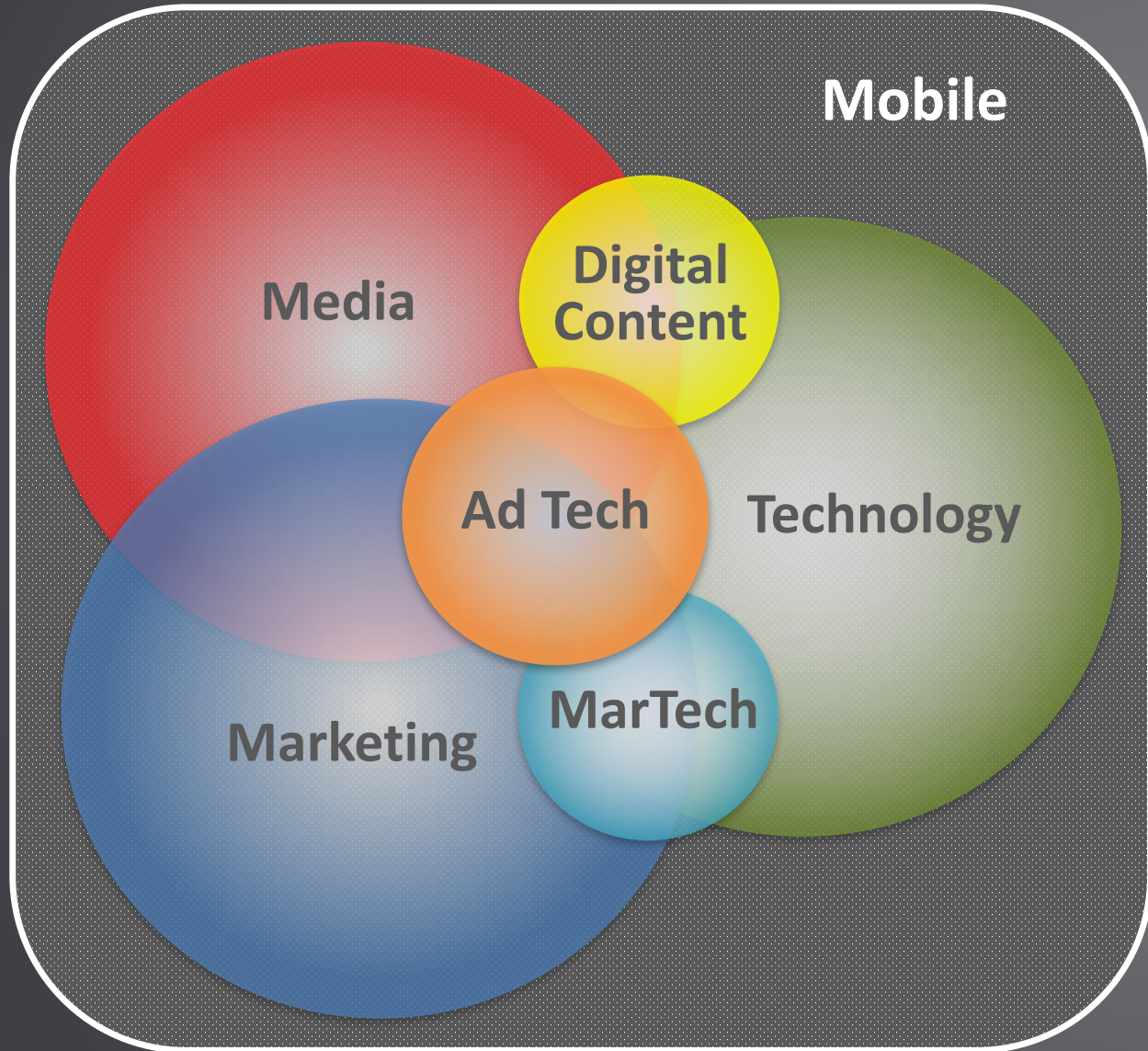


Digital Brief 005

Q3 2015 Market Report

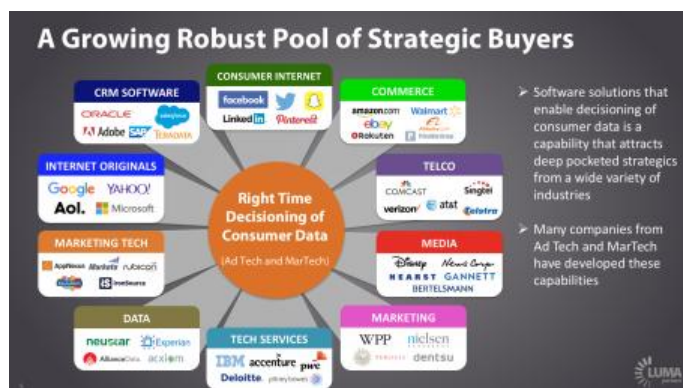
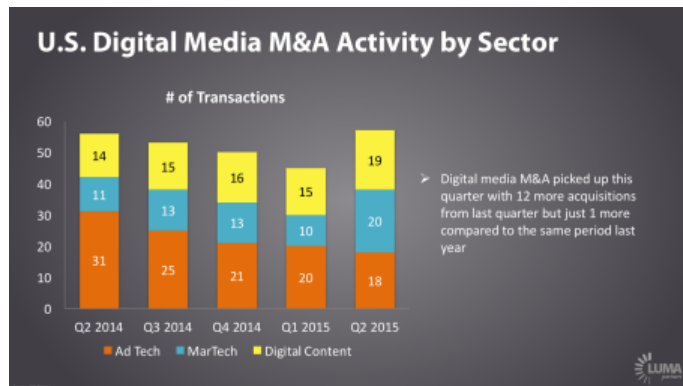
July	August	September
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1 2 3 4	30 31 1	1 2 3 4 5
5 6 7 8 9 10 11	2 3 4 5 6 7 8	6 7 8 9 10 11 12
12 13 14 15 16 17 18	9 10 11 12 13 14 15	13 14 15 16 17 18 19
19 20 21 22 23 24 25	16 17 18 19 20 21 22	20 21 22 23 24 25 26
26 27 28 29 30 31	23 24 25 26 27 28 29	27 28 29 30

LUMA's Singular Focus on Digital Media



- LUMA's expertise is at the intersection of Media, Marketing and Technology
- At this intersection exists:
 - **Digital Content:** content sites, MCNs, game publishers, aggregators
 - **Ad Tech:** display, search, video, mobile, social, content marketing/native, connected TV
 - **MarTech:** data, analytics, sales and marketing automation, email, predictive tools, commerce technology, shopper marketing, payments
- **Mobile** proliferation has a major impact on these markets and LUMA is deeply knowledgeable on mobile

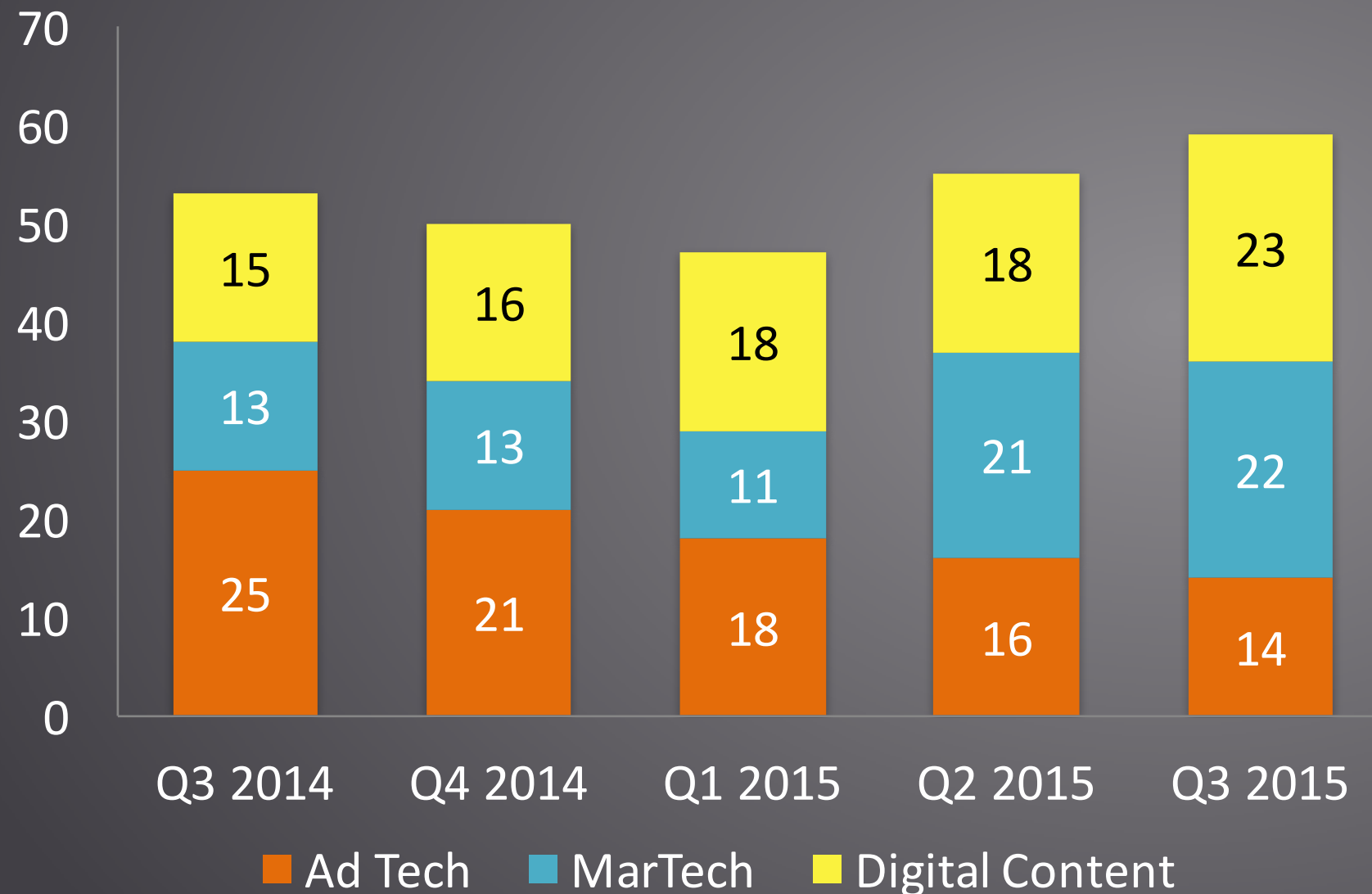
Overall Commentary on Consolidation



- In our second **Market Update** (click here <http://bit.ly/1QLvD8W>), we reported 55 acquisitions in digital media, highlighted by strategic buyers in Commerce, Ad Tech and Consumer Internet
- The deals we track in this report fall into one of four categories:
 - Large (over \$500 mm)
 - Medium (\$100 – \$500 mm)
 - Small (\$20 – \$100 mm)
 - Sub \$20 mm exits are considered tech and team deals, capitulations, or undisclosed

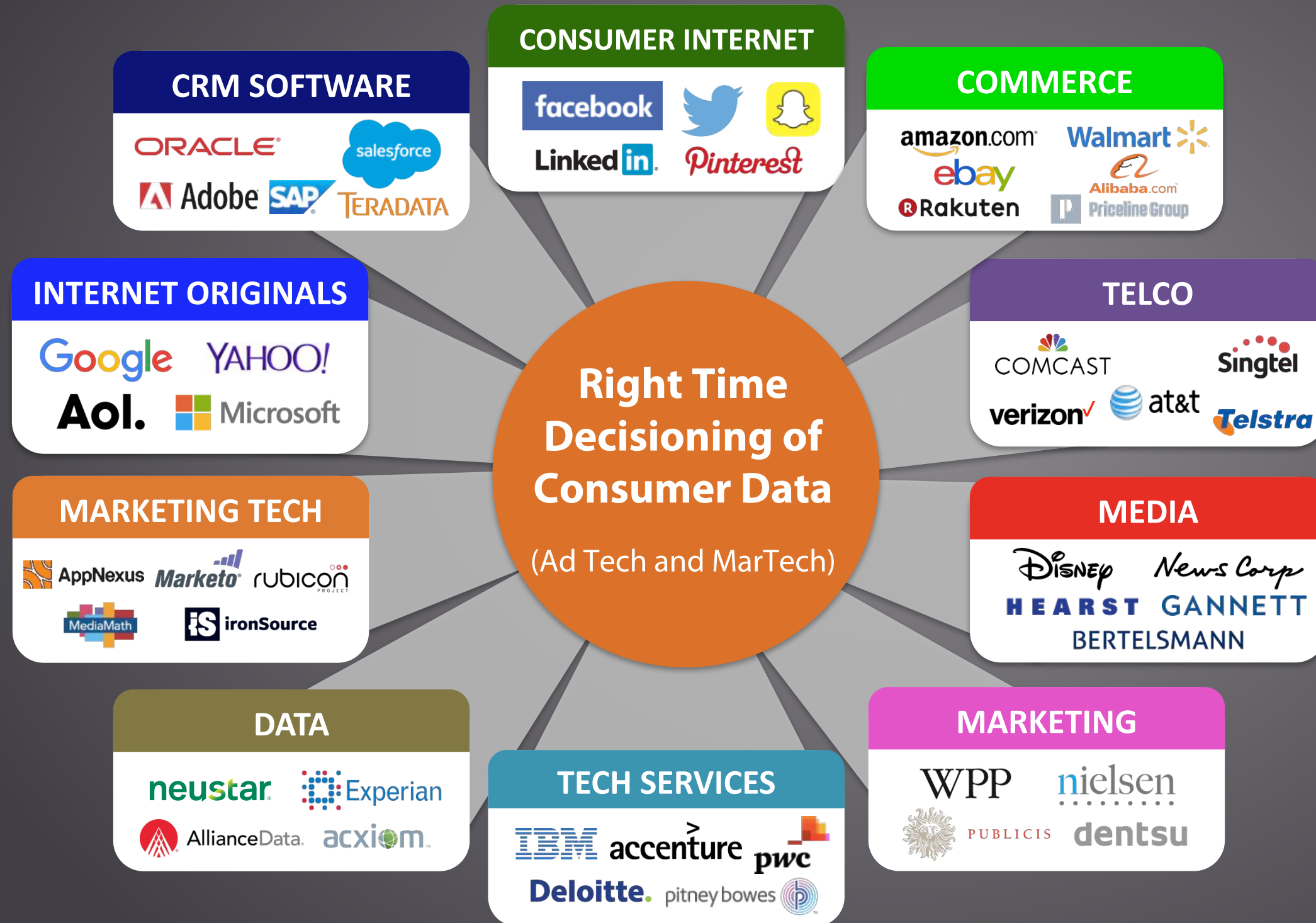
U.S. Digital Media M&A Activity by Sector

of Transactions



➤ Digital media M&A activity across Ad Tech, MarTech and Digital Content reached similar levels from last quarter's high, making an active summer of significant deals

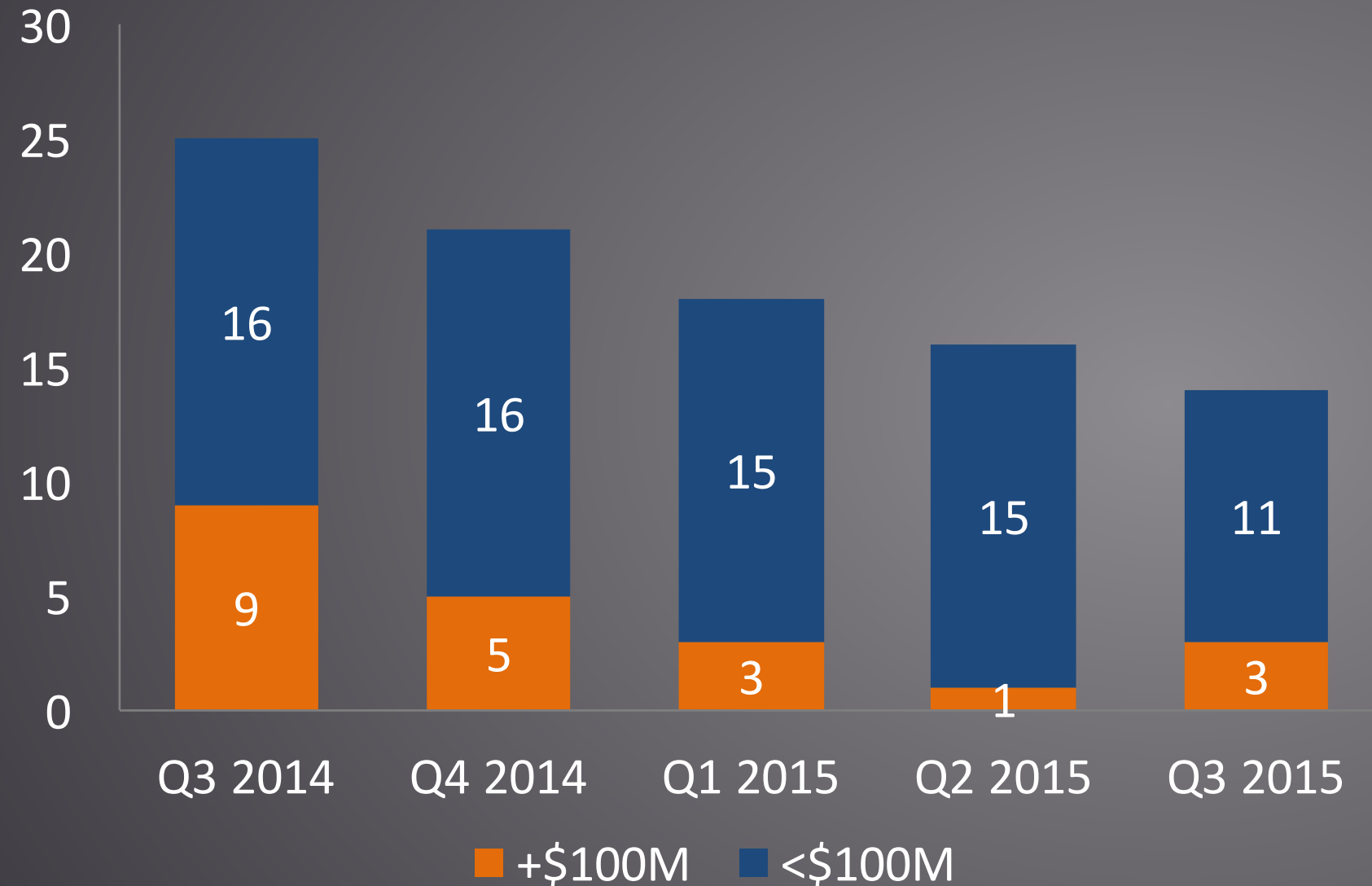
A Growing Robust Pool of Strategic Buyers



- Software solutions that enable decisioning of consumer data is a capability that attracts deep pocketed strategics from a wide variety of industries
- Many companies from Ad Tech and MarTech have developed these capabilities

Ad Tech M&A Activity

of Transactions











➤ Observations

- Ad Tech M&A activity slowed during the summer
- 6 of the 14 deals involved video and television Ad Tech, signaling the convergence of TV and video

➤ Looking Ahead – Mobile Advertising

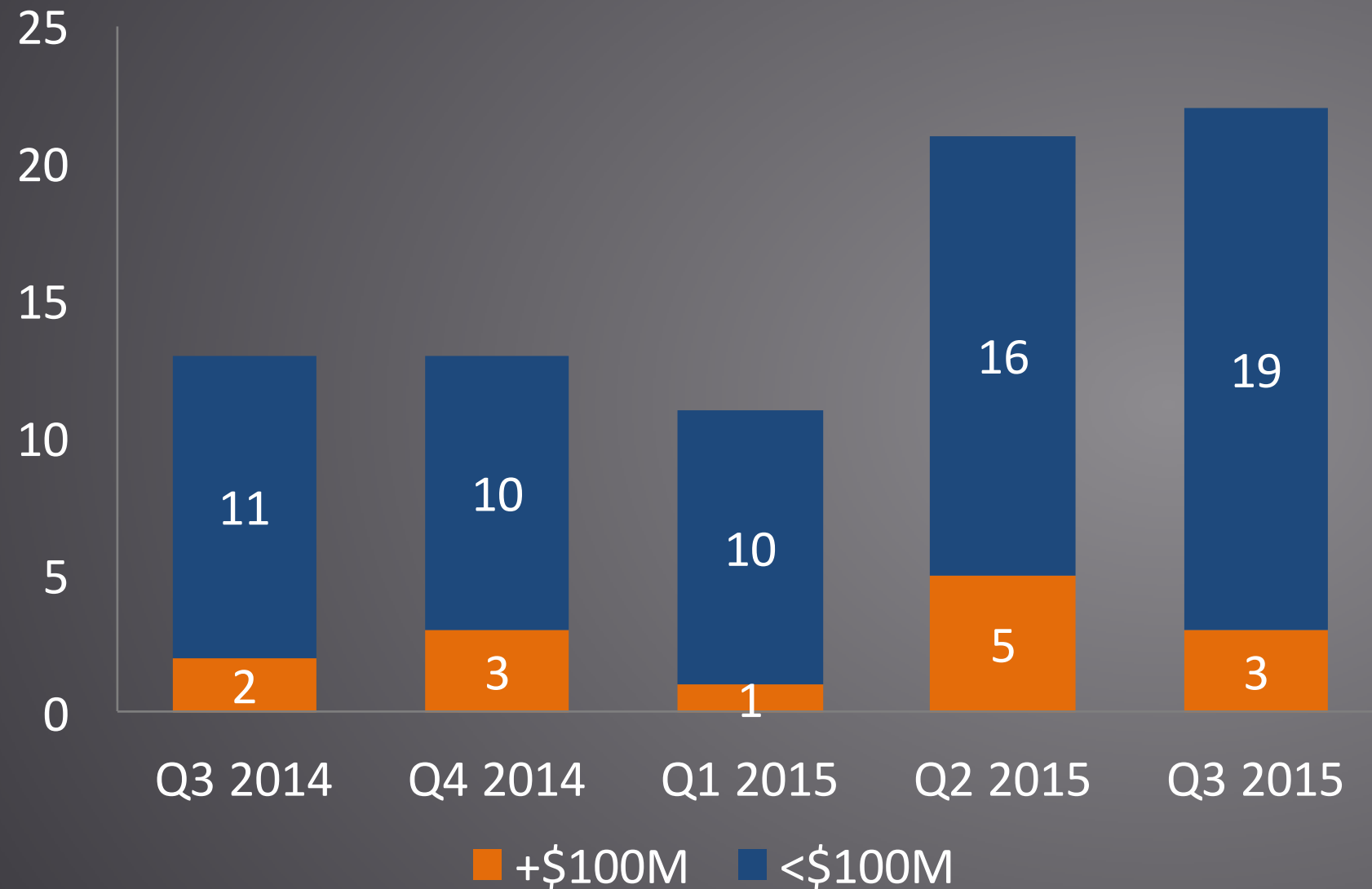
- Following the AOL – Millennial Media acquisition, we expect to see more attention being paid to the few scaled mobile Ad Tech companies still on the market
- Location and mobile video technology will drive the most interest from potential buyers

Ad Tech – Notable Deals

	Acquirer	Capital Raised	Enterprise Value	Comments
	Aol.	N/A	\$238M	AOL's acquisition of mobile ad network Millennial Media is the missing piece to Verizon's complete advertising strategy
		\$59.8M	~\$100M	By acquiring BlackArrow, Cross MediaWorks will be able to provide dynamic ad-insertion to live and video-on-demand TV content to its MVPD clients
		\$23.2M	~\$100M	The combination of Supersonic and IronSource creates a mobile app focused ad platform with combined revenues expected to reach \$450 million this year
	<i>News Corp</i>	\$25M	\$176M	With the acquisition of Unruly, News Corp will gain access to the company's expertise in video distribution and Ad Tech platform for its long list of brands
		N/A	\$732M	The merger will form a comprehensive data platform that combines ComScore's digital audience data with Rentrak's census-based data on TV

MarTech M&A Activity

of Transactions













➤ Observations

- 3 transactions involved financial buyers acquiring marketing technology companies
- HGGC acquired Strongview and European-based Selligent while Permira acquired eBay Enterprise

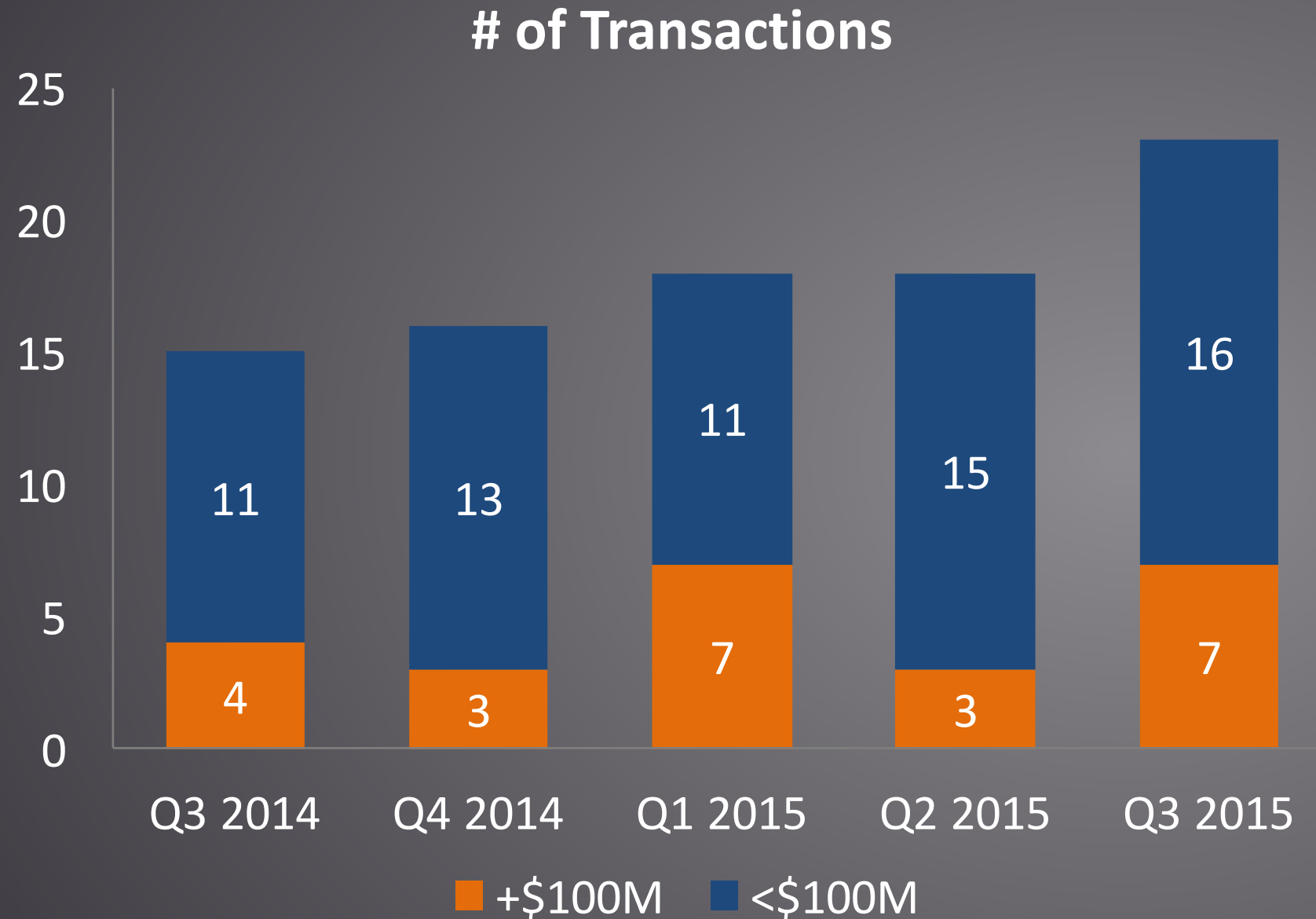
➤ Looking Ahead – Convergence of MarTech and Ad Tech

- Salesforce and Oracle recently announced tighter integrations with Ad Tech / paid media
- We expect to see more of these integrations / partnerships to arise as this new trend will also contribute to more deal activity

MarTech – Notable Deals

	Acquirer	Capital Raised	Enterprise Value	Comments
		N/A	\$925M	Permira Funds acquired eBay Enterprise which includes four different divisions: Magento, eBay Marketing Solutions, Enterprise Services and Operations
		\$35M	\$500M	Advance/Newhouse, an affiliate of Advance Publications, has acquired 1010data, a big data company that sells its platform technology to companies from retail to telecom
		\$15M	N/A	The acquisition of Maxymizer adds A/B / multivariate testing to its suite of CRM and marketing automation tools, providing a competing offering to Adobe Target
		\$29.2M	N/A	Social marketing platform Spredfast has acquired its competitor Shoutlet in the social marketing management category
		\$38.1M	N/A	Private equity firm HGGC acquired email marketing company Strongview as well as European marketing automation company Selligent

Digital Content M&A Activity



➤ Observations

- Consolidation of digital media and content is accelerating
- 9 deals involved traditional and digital-native publishers acquiring multi-channel video networks and web content sites

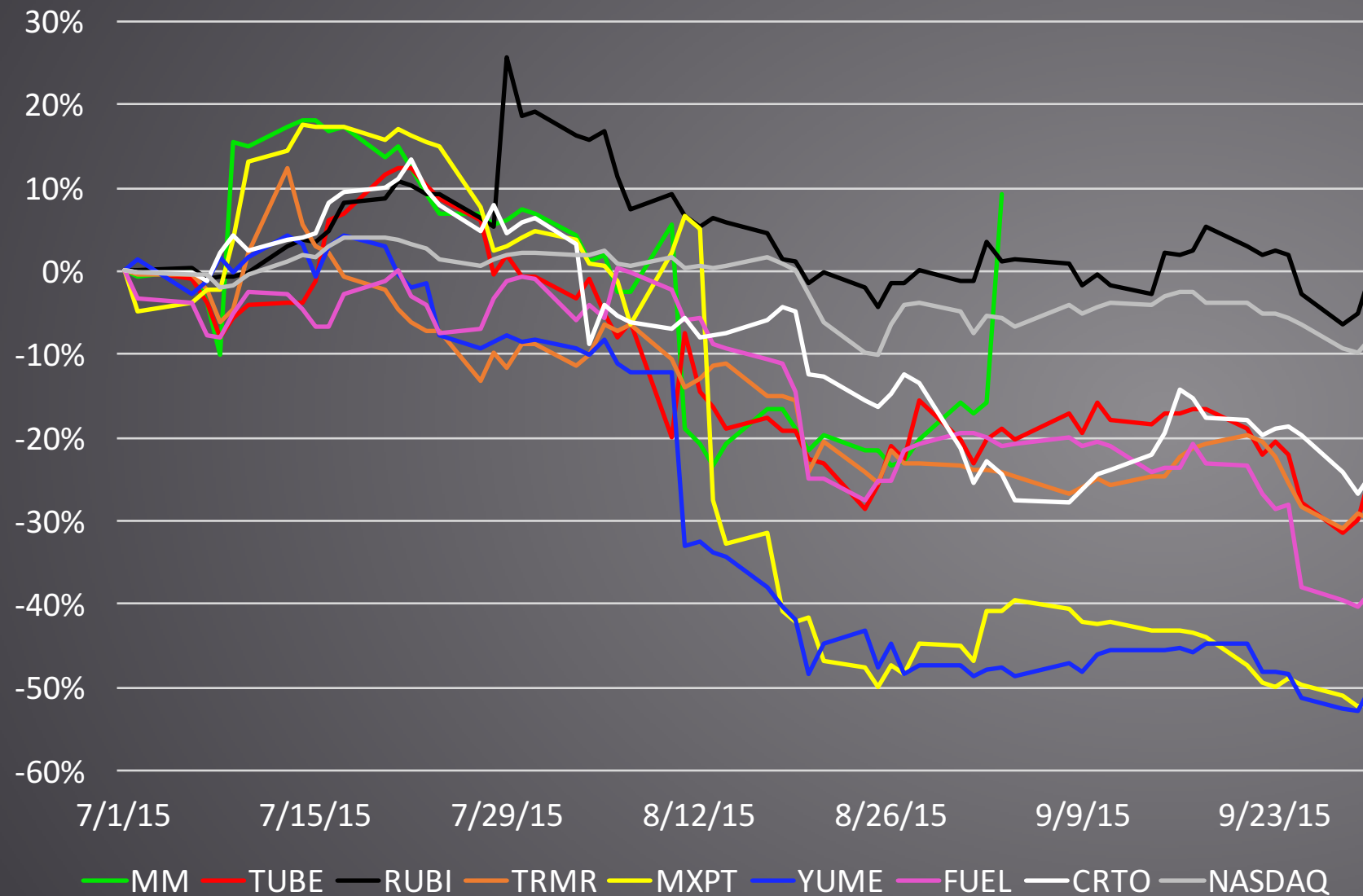
➤ Looking Ahead – Social Commerce

- Innovations, such as “buy buttons” will quickly emerge on leading social platforms
- In the future we expect “buy buttons” and seamless shopping to become ubiquitous across all types of apps

Digital Content – Notable Deals

	Acquirer	Capital Raised	Enterprise Value	Comments
		N/A	\$290M	Sportswear giant Adidas is stepping into the ring of digital fitness and the quantified self movement with its acquisition of Runtastic, a popular fitness tracking app
POLYVORE		\$22.1M	\$230M	Polyvore's popular social commerce platform will elevate Yahoo's digital presence across social, mobile, and native as the company adds more to its MaVeNs offerings
		N/A	\$575M	By acquiring PlentyofFish and its 90 million users, IAC further strengthens its portfolio of digital dating properties which include Match.com, Tinder, and OkCupid
		N/A	\$100M	Social-focused publisher ViralNova was acquired by Zealot Networks to bolster its total audience for its marketing service that promotes artists, content and advertisers
		N/A	\$150M	Snapchat's acquisition of LookSery and its photo editing technology represents the company's continued interest in improving its core product through acquisitions
BUSINESS INSIDER		\$55.6M	\$442M	German publisher Axel Springer acquired digital news publisher Business Insider to broaden its international audience and diversify its English-language brands

Ad Tech – Q3 2015 Stocks Performance



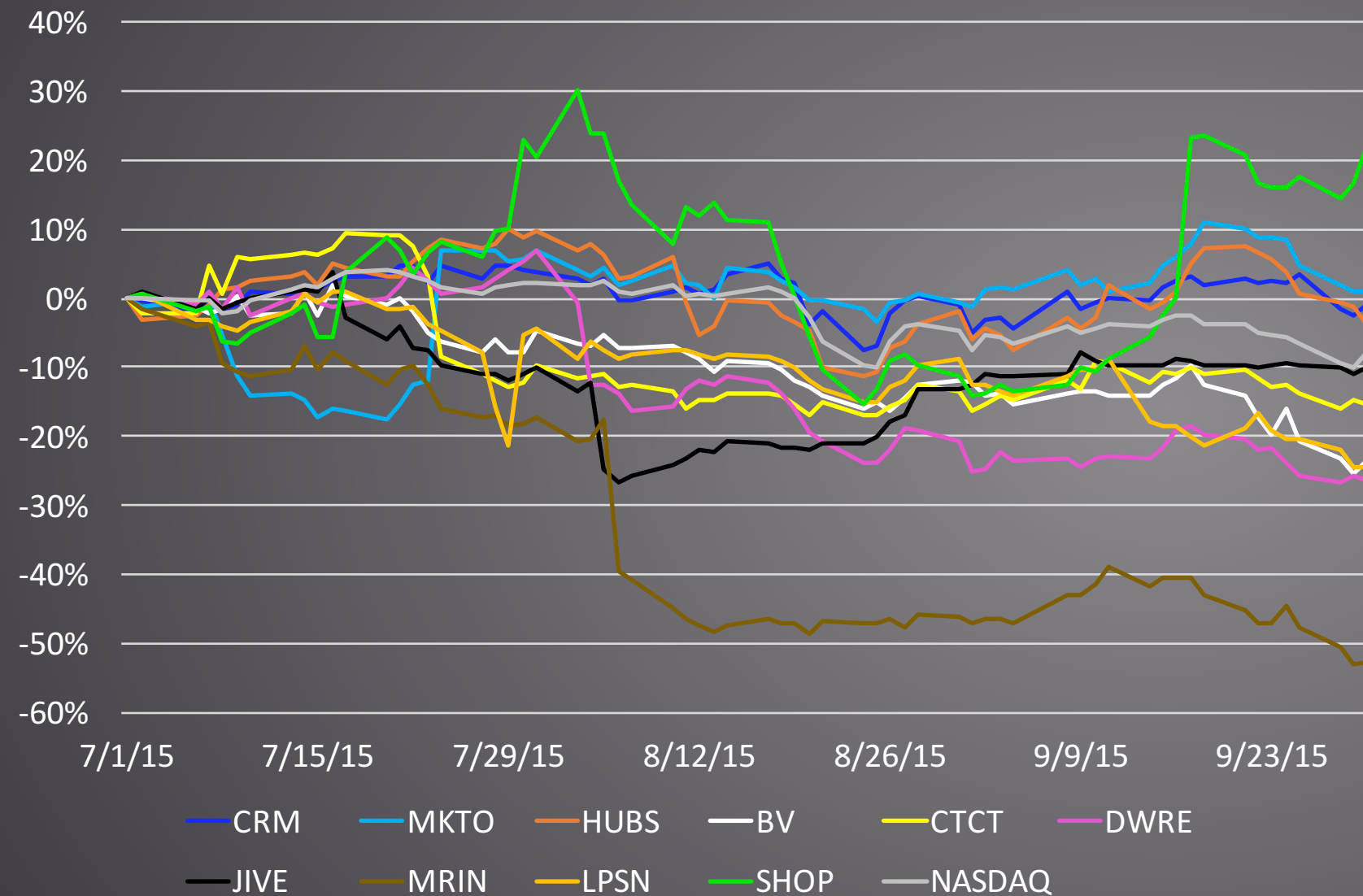
➤ Ad Tech Stocks Crash

- After a rare positive quarter in Q2, Ad Tech stocks plunged on average 30% by the end of Q3
- MXPT and YUME led the Ad Tech crash, each losing over 50% of its market value

➤ Ad Tech's Outlook

- Underwhelming earnings and lowered future guidance sparked the dramatic Ad Tech selloff
- Concerns about ad-blocking will weigh on Ad Tech companies, particularly those still operating with a media model going forward

MarTech – Q3 2015 Stocks Performance

















➤ MarTech Suffers Its Worst Quarter of the Year

- MarTech stocks on average fell nearly 15% this quarter after gaining 10% in the prior quarter
- BV, DWRE and MRIN each dropped over 20% during this period

➤ Highlights

- The marketing technology sector was not immune to the overall market decline
- Automation SaaS leaders CRM, MKTO and HUBS are often the strongest performers but could not stay positive at the end of Q3

Key Startup Financings to Watch

	Lead Investor	Capital Raised	Valuation	Comments
		~\$100M	\$5B	Digital payments startup Stripe is rolling out “Relay”, its newest product that allows retailers to sell within 3 rd party apps, as it expands internationally
		\$50M	N/A	Radius, a predictive marketing platform that can identify new leads for sales teams, has grown its revenue by more than 400% over the past year
		\$300M / \$275M	\$1.2B / \$1.3B	Draft Kings and Fan Duel are raising capital to ramp up their marketing in order to capture the rising interest and excitement for fantasy sports betting
		\$65M	N/A	With its latest round of funding, Jaunt becomes the most funded independent virtual reality startup to date
		\$200M / \$200M	\$1.5B / \$1.0B	BuzzFeed and Vox Media, the upstarts leading the way in digital publishing, are joining traditional media like Comcast to widen its reach and audience
		\$200M	\$1.7B	Health insurance startup Oscar has signed 40,000 patients in NY and NJ and will use its latest round of funding to expand to new markets
		\$50M	\$1B	With 240M users, Kik aims to set itself apart from its messaging competitors by emulating the platform focus of its Asian counterparts like WeChat

LUMA's Recent Content



Digital Brief 003 Q2 2015 Market Report

- In our second Market Update we reported 75 acquisitions in digital media, highlighted by strategic buyers in Commerce, Ad Tech and Consumer Internet



The State of Digital Video Presented at VidCon 2015

- At VidCon 2015 we presented our views on the rise of the digital video market and its surge against traditional TV



Digital Brief 004 Back to Mad Men

- In our fourth Digital Brief we explained what the future holds for ad agencies and five strategies they make take in a competitive marketplace

LUMA's Recent M&A Deals

September 2015



has been acquired by



The undersigned acted as exclusive financial advisor to Millennial Media, Inc.



September 2015



has been acquired by



Principals currently at the undersigned acted as exclusive financial advisor to LookSery, Inc.



September 2015



has been acquired by



The undersigned acted as exclusive financial advisor to Unruly Holdings Limited, Inc.





Millennial Media to be Acquired by AOL

LUMA Partners acted as Exclusive Financial Advisor to Millennial Media

Announced September 3, 2015

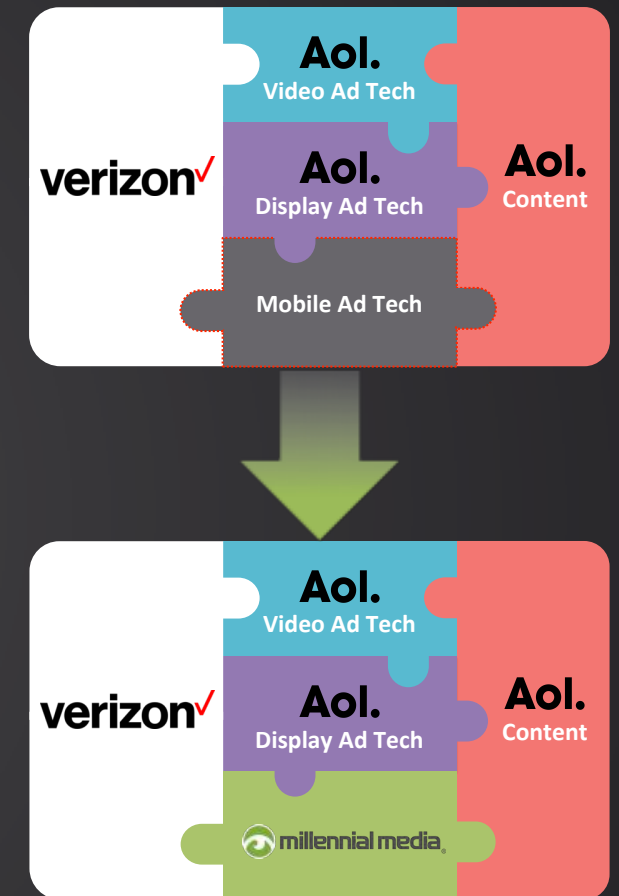


September 2015



Strategic Rationale

- This announcement follows the recent acquisition of AOL by Verizon Wireless, the nation's largest wireless network
 - With the acquisition of AOL, Verizon acquired significant content and Ad Tech capabilities; however one key piece was missing, Mobile Ad Tech
- Millennial Media will provide AOL with significant mobile capabilities to its ONE platform, creating the largest open, mobile-first programmatic platform on the market
- Millennial Media is ahead of two key trends in digital advertising, the opportunity and growth in mobile advertising, as well as the shift to programmatic
 - Mobile ad spending is expected to reach \$40 billion by 2016 (*eMarketer*, 03/2015)
 - Mobile will account for 69% of programmatic ad buying by 2016 (*eMarketer*, 10/2014)
- This is a prime example of ongoing interest in digital marketing from new entrants, including Telco, Consumer Internet, CRM/Software, and Data companies
 - LUMA expects this trend to continue as deep pocketed buyers seek “right-time decisioning of consumer data”



- Millennial Media (NYSE: MM) is the leading independent mobile marketplace, making mobile simple for the world's top brands, app developers and mobile web publishers. The company's unique data and technology assets enable its advertising clients to connect with their target audiences at scale. Millennial Media also drives monetization for its publisher and developer partners by connecting them to networks, advertisers and an RTB exchange.



- AOL is a media technology company with a mission to simplify the internet for consumers and creators by unleashing the world's best builders of culture and code. As one of the largest online properties with over 350 million monthly global consumers of its premium brands, AOL is at the center of disruption of how content is being produced, distributed, consumed and monetized by connecting publishers with advertisers on its global, programmatic content and advertising platforms. AOL is a subsidiary of Verizon.

\$ Overview

- On 9/3/2015, AOL announced that it will acquire all outstanding shares of Millennial Media (NYSE: MM) for \$1.75 per share in cash
- The transaction will take the form of a tender offer followed by a Merger
- Deal terms:
 - Equity value: \$273 million
 - Enterprise value: \$244 million
 - EV/LTM Revenue: 0.8x
 - EV/2015E Revenue⁽¹⁾: 0.9x

(1) Based on Millennial's Mid Scenario, as defined in the 14D-9.



Unruly to be Acquired by News Corp

LUMA Partners acted as Exclusive Financial Advisor to Unruly Holdings Ltd

Announced September 16, 2015



September 2015



acquired by



\$176 million



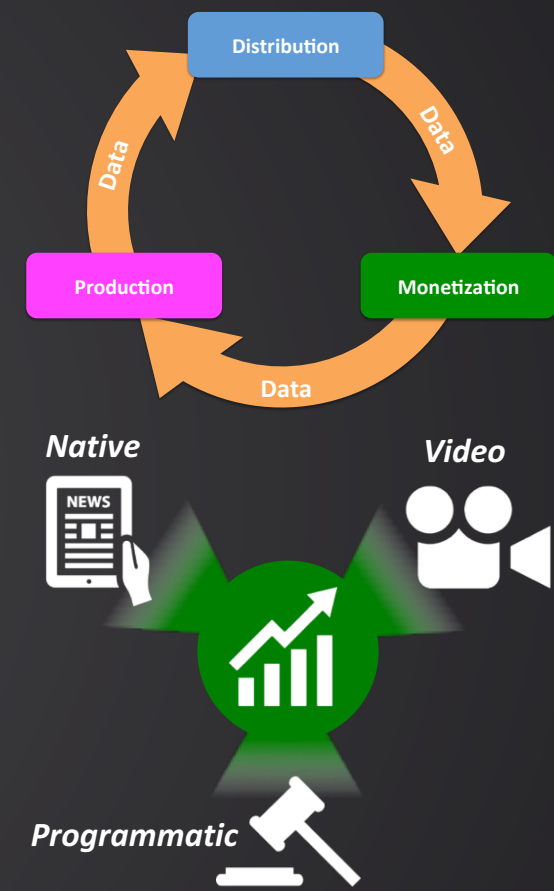
Overview

- On 9/16/2015, News Corp announced that it would acquire Unruly Holdings Limited
- News Corp has agreed to pay £58 million (approx. \$90 million) in cash at closing and up to £56 million (approx. \$86 million) in future consideration contingent upon the achievement of certain performance objectives
- Led by Unruly's three co-founders, Unruly will operate as a separate business unit, reporting to Rebekah Brooks



Strategic Rationale

- Through the acquisition of Unruly, News Corp will gain access to Unruly's expertise in video distribution, unique advertising platform and experienced technical team
- Comes at a time when many publisher models are shifting from fragmented teams for production, distribution and monetization, to a unified system where data connects and powers the production, distribution and monetization strategies
 - Incumbent publishers have seen new entrants successfully leverage technology and data to increase page views, as well as drive higher CPMs
- Unruly's expertise in digital video distribution, native ad insertion, and content optimization will help News Corp get ahead of the trend to utilize technology and data for publishing
- Represents the first large native advertising deal and puts News Corp at the nexus of native, video, and programmatic advertising, all of which are expected to grow significantly in the coming years
- Allows Unruly's top tier advertisers, such as Dove and T-Mobile, to benefit from News Corp's premium content and distribution



➤ Unruly is the ad tech company that gets videos watched, tracked and shared across the Open Web. Positioned at the intersect of video, social, native & mobile, Unruly uses emotional audience data and user-friendly video formats to massively increase viewer engagement, brand performance & publisher revenues. Unruly employs 200 people across 15 offices, with regional HQs in London, New York and Singapore. Its super power is emotional ad tech. Its secret weapon is passionate people on a mission to #DeliverWow.



➤ News Corporation (NASDAQ: NWS, NWSA; ASX: NWS, NWSLV) is a global, diversified media and information services company focused on creating and distributing authoritative and engaging content to consumers throughout the world. The company comprises businesses across a range of media, including: news and information services, book publishing, digital real estate services, cable network programming in Australia, digital education, and pay-TV distribution in Australia.

LUMA's Differentiated Value Proposition



- LUMA has developed a differentiated value proposition based on:
 - Focus
 - Expertise
 - Objective Credibility
 - Trust
 - Performance
- LUMA has built a differentiated global brand
- We leverage our brand to optimize financial and strategic objectives of select quality clients

LUMA's Content-Driven, Expert-Based Approach



DISPLAY MOBILE VIDEO SOCIAL NATIVE SEARCH MARTECH COMMERCE GAMING STRATEGIC BUYERS

LUMAscapes
(over 4 million views
from 196 countries)



Publications
(over 1 million views)



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