

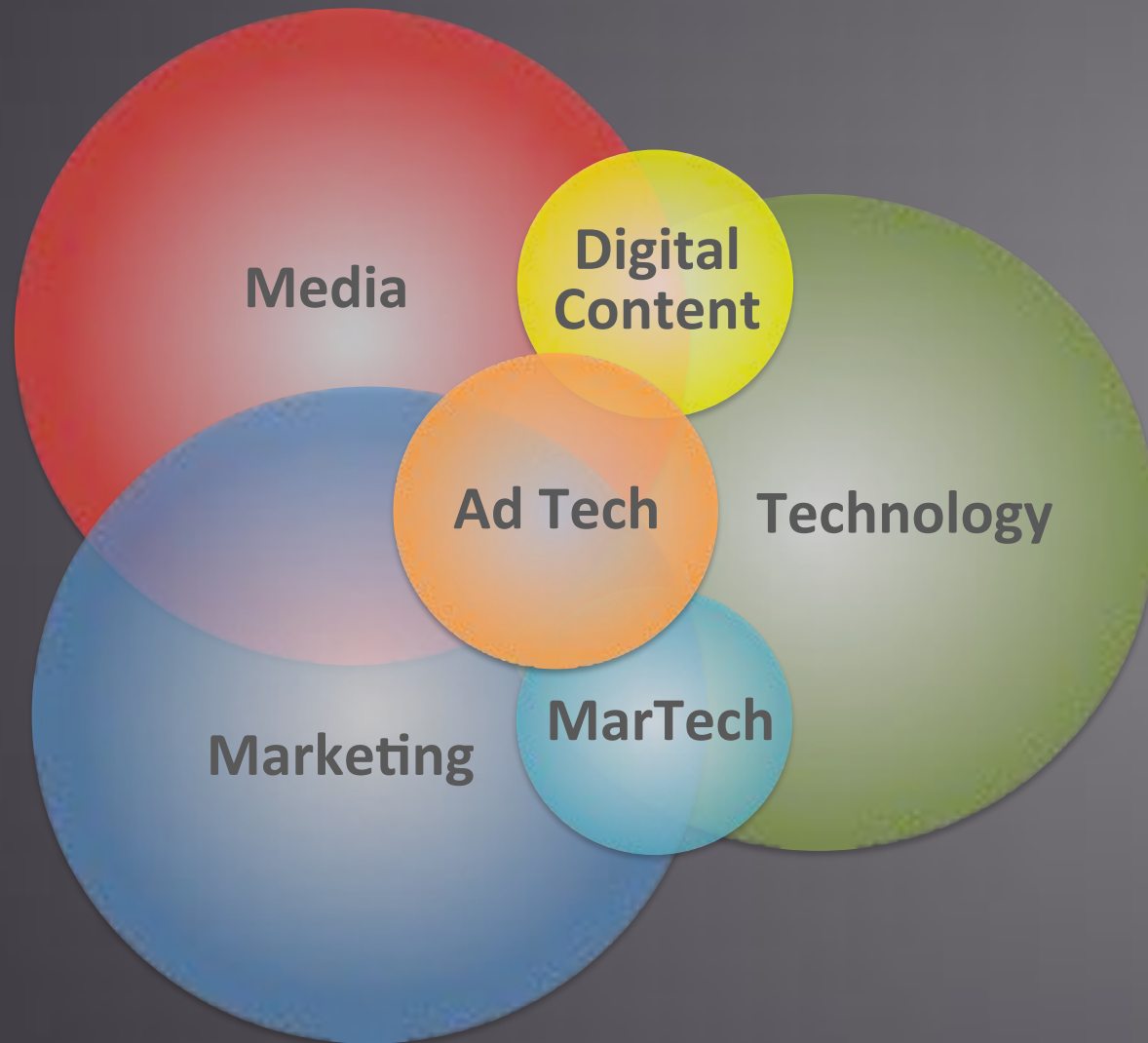


Digital Brief 019

Q1 2018 Market Report

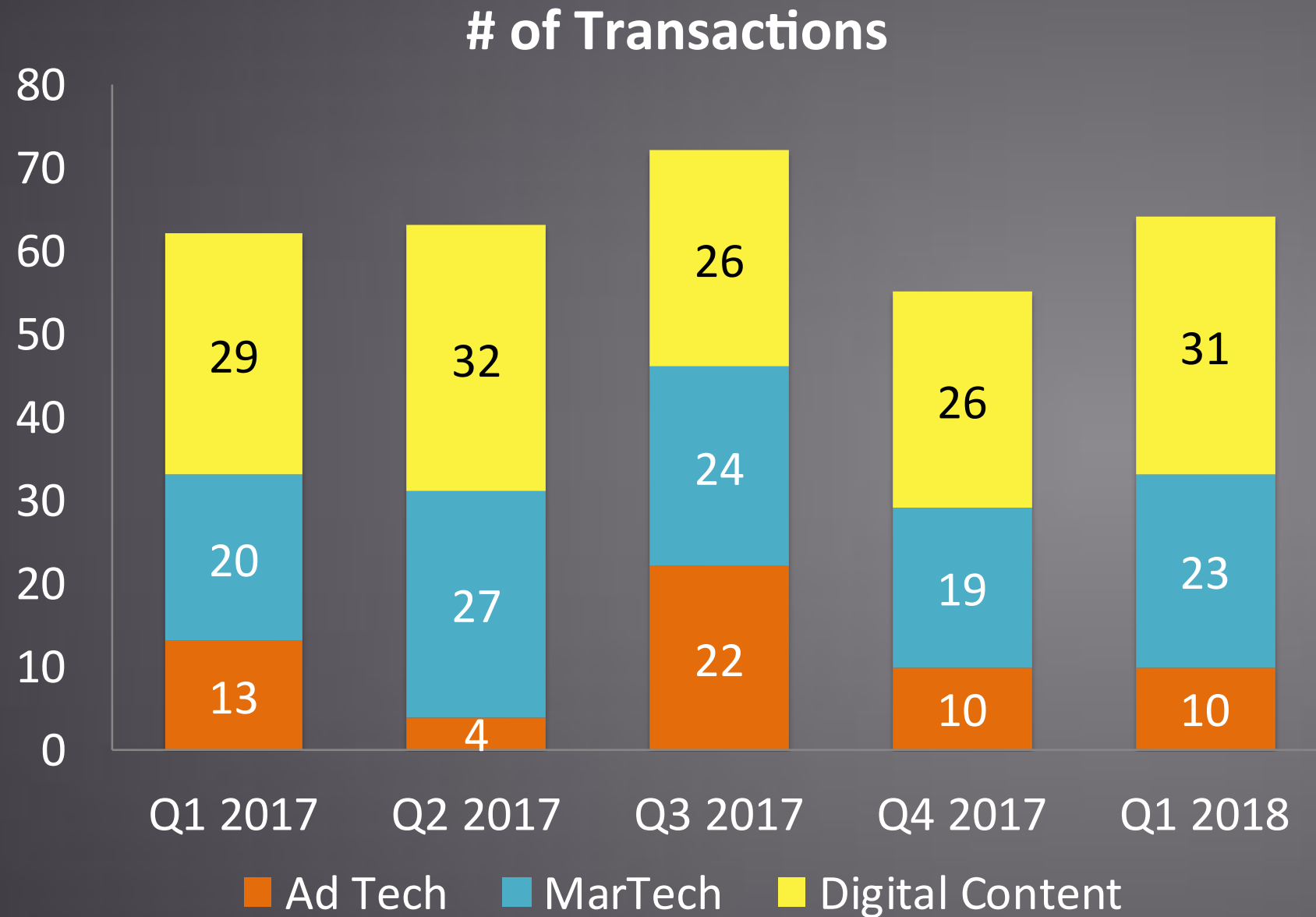
January							February							March						
S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S
	1	2	3	4	5	6					1	2	3					1	2	3
7	8	9	10	11	12	13	4	5	6	7	8	9	10	4	5	6	7	8	9	10
14	15	16	17	18	19	20	11	12	13	14	15	16	17	11	12	13	14	15	16	17
21	22	23	24	25	26	27	18	19	20	21	22	23	24	18	19	20	21	22	23	24
28	29	30	31				25	26	27	28				25	26	27	28	29	30	31

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

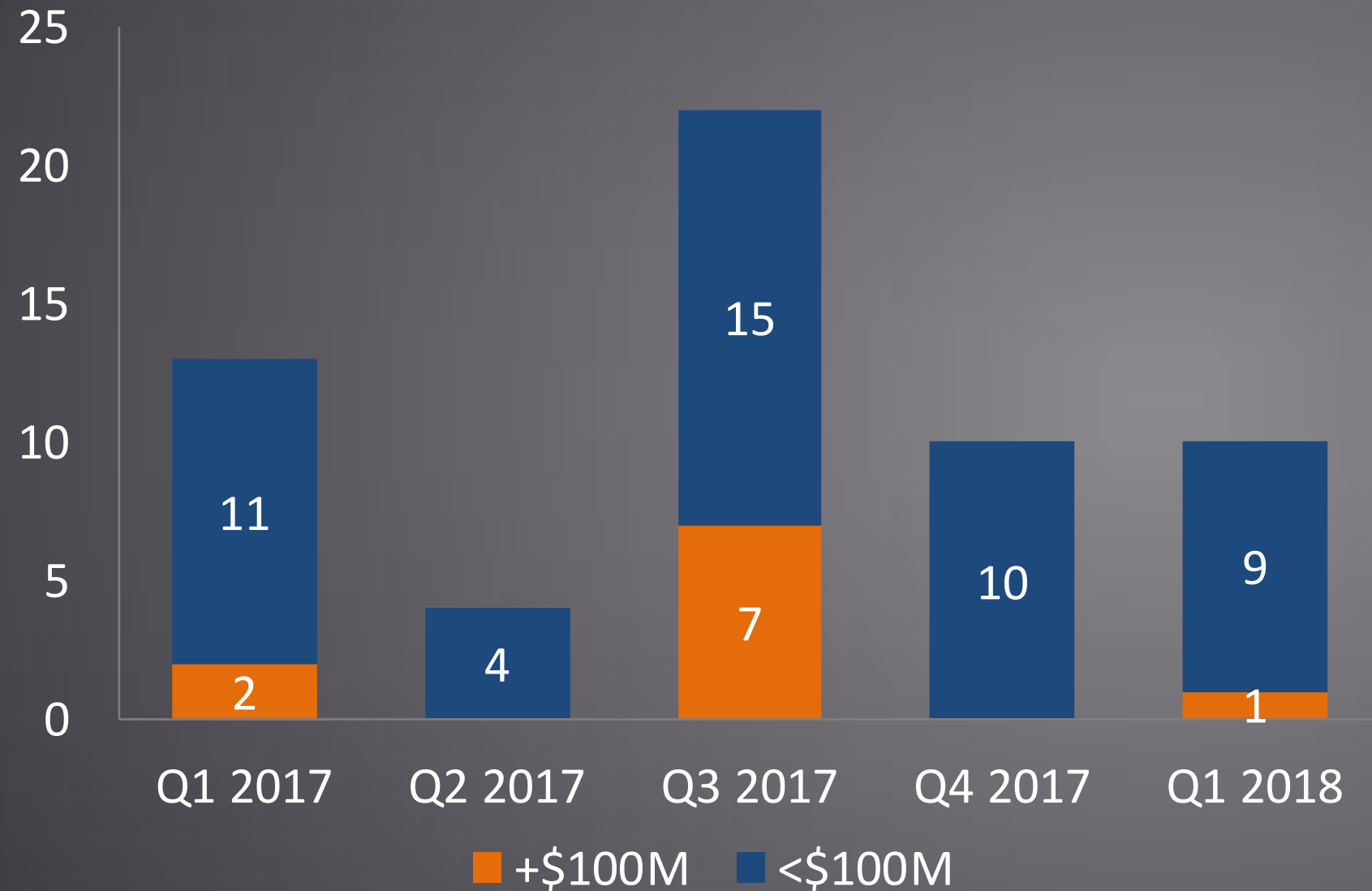
U.S. Digital Media M&A Activity by Sector



- 2017 M&A activity was headlined by media's mega mergers, which will likely spur continued consolidation this year
- MarTech saw two billion dollar transactions: SAP acquiring CallidusCloud and GTCR and Sycamore Partners acquiring CommerceHub
- Tronc sold the storied Los Angeles Times and other local media properties to improve its financial position and pursue further M&A

Ad Tech M&A Activity

of Transactions









➤ Observations

- Ad Tech M&A activity is off to a modest start with only one deal over \$100 million
- Pandora acquired AdsWizz for \$145 million to capitalize on the programmatic audio market

➤ Looking Ahead – Market Dynamics

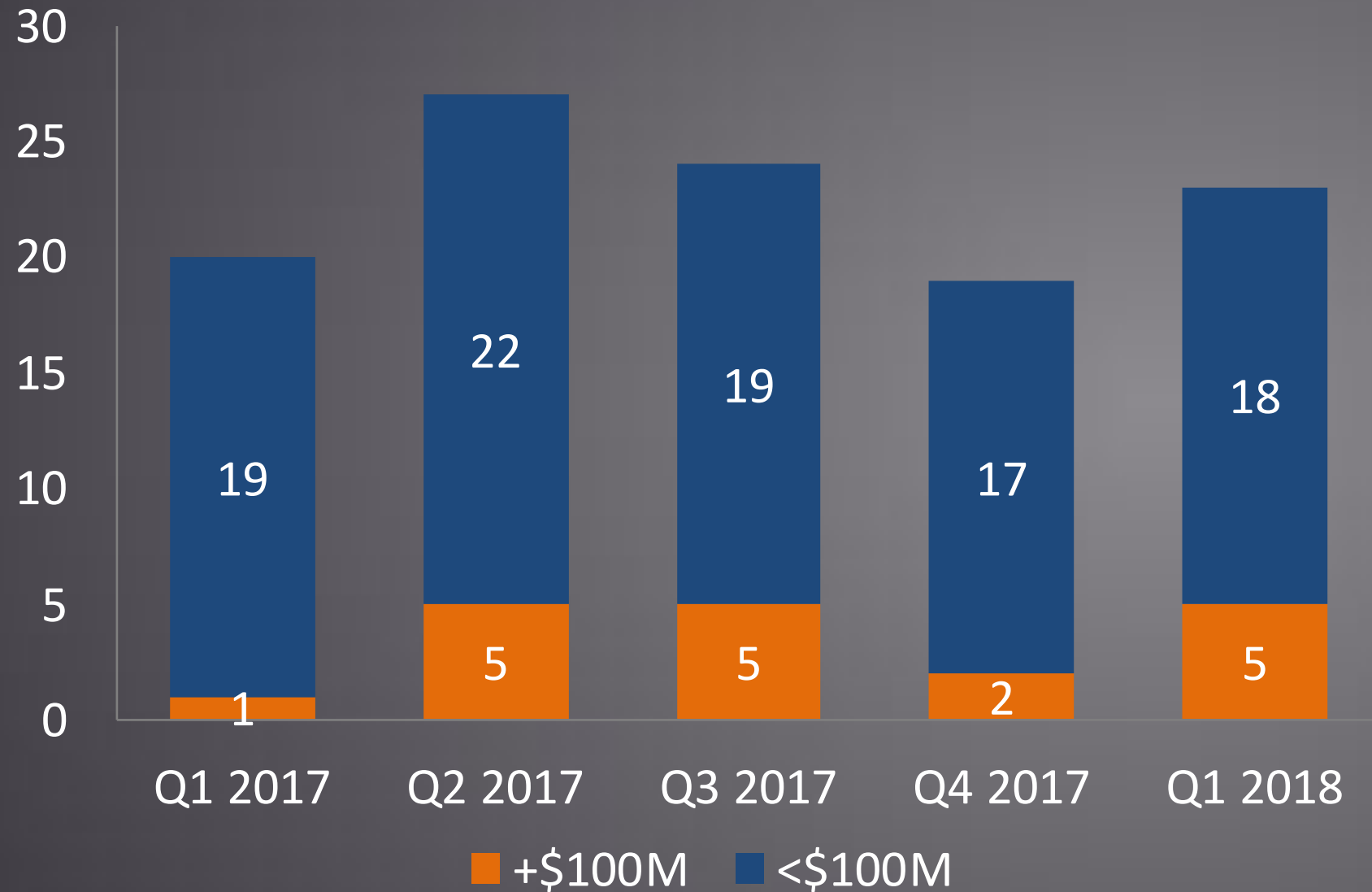
- While the uncertainty around the implementation of GDPR and privacy concerns could cause buyers to pause M&A, we expect consolidation to continue as strategics and PE take advantage of high industry growth rates and an abundance of attractive targets

Ad Tech – Q1 2018 Notable Deals

	Acquirer	Capital Raised	Enterprise Value	Comments
		\$3M	\$145M	Pandora has acquired AdsWizz to expand its programmatic audio advertising stack and grow revenue streams by helping other audio publishers monetize through AdsWizz
		N/A	\$90M	AerServ has been acquired by InMobi to enhance monetization for publishers globally and further enhance the InMobi Exchange, a premium mobile programmatic platform
		\$8M	N/A	Swedish telco Ericsson has acquired Placecast, a location-focused DSP and DMP, to strengthen Emodo, Ericsson's programmatic mobile ad platform

MarTech M&A Activity

of Transactions


















➤ Observations

- SAP has agreed to acquire CallidusCloud for over \$2 billion
- Private equity firms GTCR and Sycamore Partners have agreed to acquire CommerceHub for \$1 billion

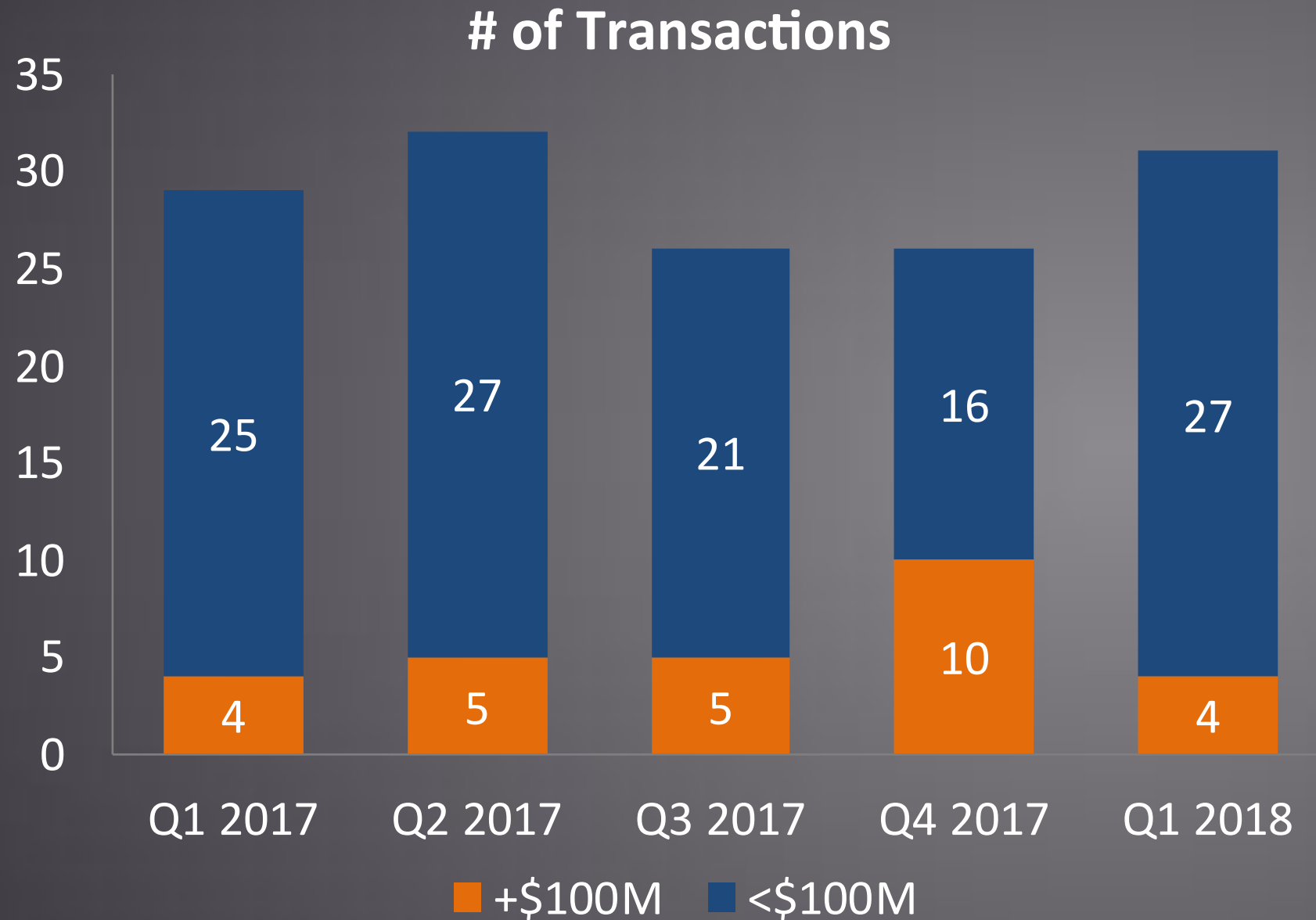
➤ Looking Ahead – Marketing Clouds & PE

- 2017 was a quiet year for the Marketing Clouds with Salesforce and Adobe taking a break, but Salesforce re-entered the game acquiring CloudCraze
- We expect Marketing Clouds to remain selective buyers and PE firms to remain the most active acquirers

MarTech – Q1 2018 Notable Deals

	Acquirer	Capital Raised	Enterprise Value	Comments
		NASDAQ	\$2,308M	Software giant SAP has agreed to acquire CallidusCloud to bolster SAP's CRM business with the company's sales performance and pricing capabilities
		\$30.6M	N/A	Salesforce acquired Cloudcraze, a B2B e-commerce software platform built on top of Salesforce, and will integrate it into Salesforce Commerce Cloud
	 	NASDAQ	\$1,090M	Private equity firms GTCR and Sycamore Partners have agreed to acquire CommerceHub, an e-commerce distribution and marketing platform
		\$60.6M	N/A	Shared work space startup WeWork has acquired Conductor, a digital marketing company to provide extra services to WeWork's customers
		N/A	\$165M	Dealer Inspire, a web marketing platform for dealerships, and Launch Digital Marketing, a digital marketing agency, have been acquired by Cars.com
		\$46M	\$175M	GoDaddy acquired Main Street Hub, a social marketing platform for small businesses, to expand its suite of marketing capabilities
		N/A	\$335M	West Corporation has acquired PR solutions and services of Nasdaq, which includes GlobeNewswire, a global press release platform

Digital Content M&A Activity









➤ Observations

- With the start to 2018, Digital Content M&A remains robust
- Tronc has agreed to sell the Los Angeles Times and San Diego Union-Tribune to Nant Capital for \$590 million

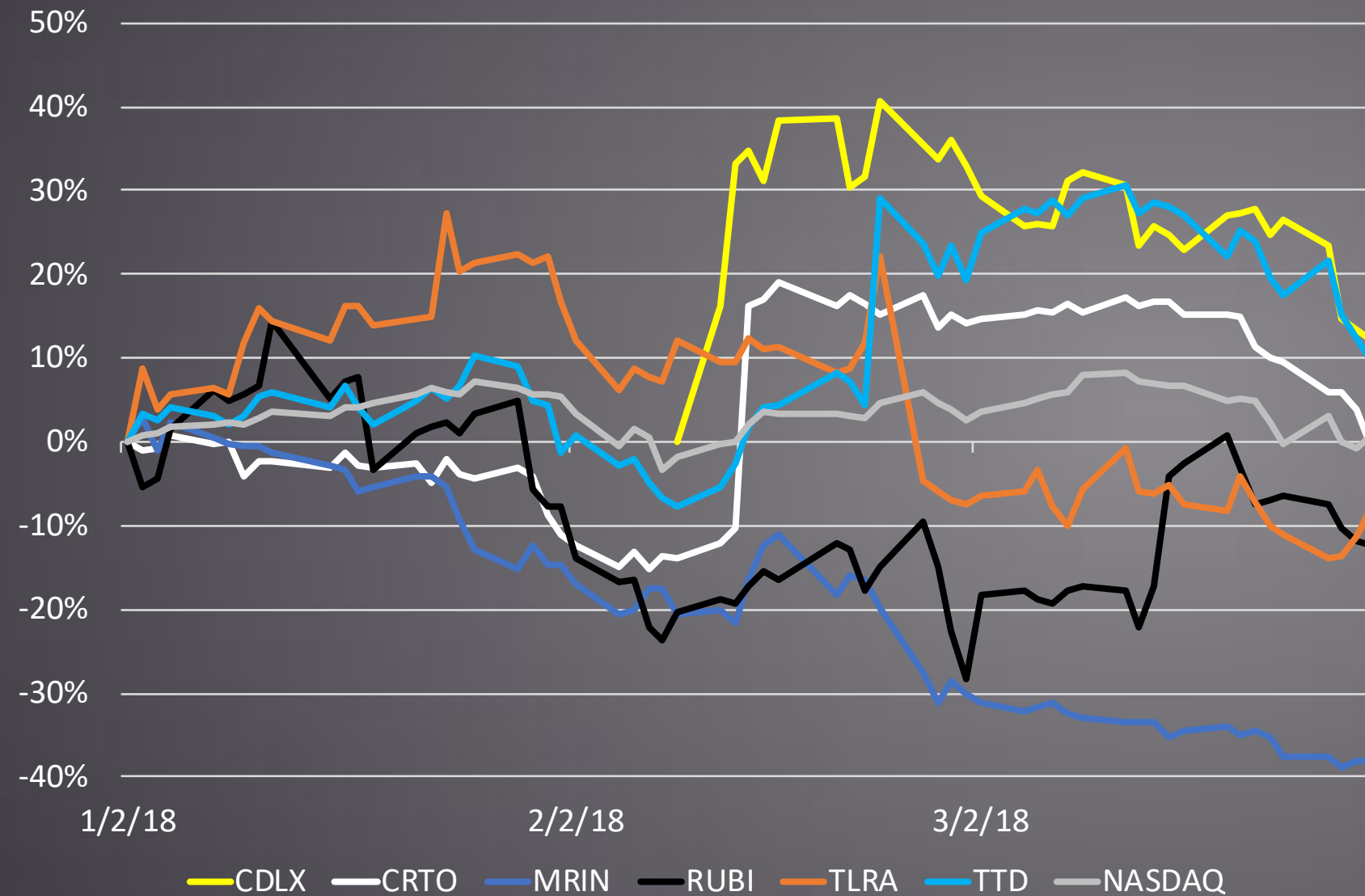
➤ Looking Ahead – Mega Mergers Impact

- 2017's mega mergers, sparked by the digital disruption of media, signaled the need for greater scale
- The mergers between Disney – 21st Century Fox and AT&T – Time Warner remain pending, but will have massive implications in the media world

Digital Content – Q1 2018 Notable Deals

	Acquirer	Capital Raised	Enterprise Value	Comments
 FANDOM	 TPG Jon Miller	\$39M	\$200M	Jon Miller, backed by TPG, has acquired a majority stake in Wikia Inc.'s Fandom, a network of pop culture sites, to accelerate its growth
KOCH MEDIA	 THQ NORDIC	N/A	\$150M	THQ Nordic, formerly known as Nordic Games, has acquired Koch Media, the parent company of Deep Silver, the maker of game titles including Saints Row
Los Angeles Times	 NANT	N/A	\$590M	Tronc has agreed to sell the Los Angeles Times and other local publications to Nant Capital, an investment firm run by billionaire Patrick Soon-Shiong
tenor	 Google	\$32M	+\$100M	Google acquired Tenor, a popular GIF keyboard with over 300 million daily active users and 12 billion searches every month, which will continue to operate independently
ZAGAT	 THE INFATUATION	N/A	N/A	Google sold Zagat, which the search giant bought for \$151 million in 2011, to popular dining reviews media company The Infatuation

Ad Tech – Q1 2018 Stocks Performance



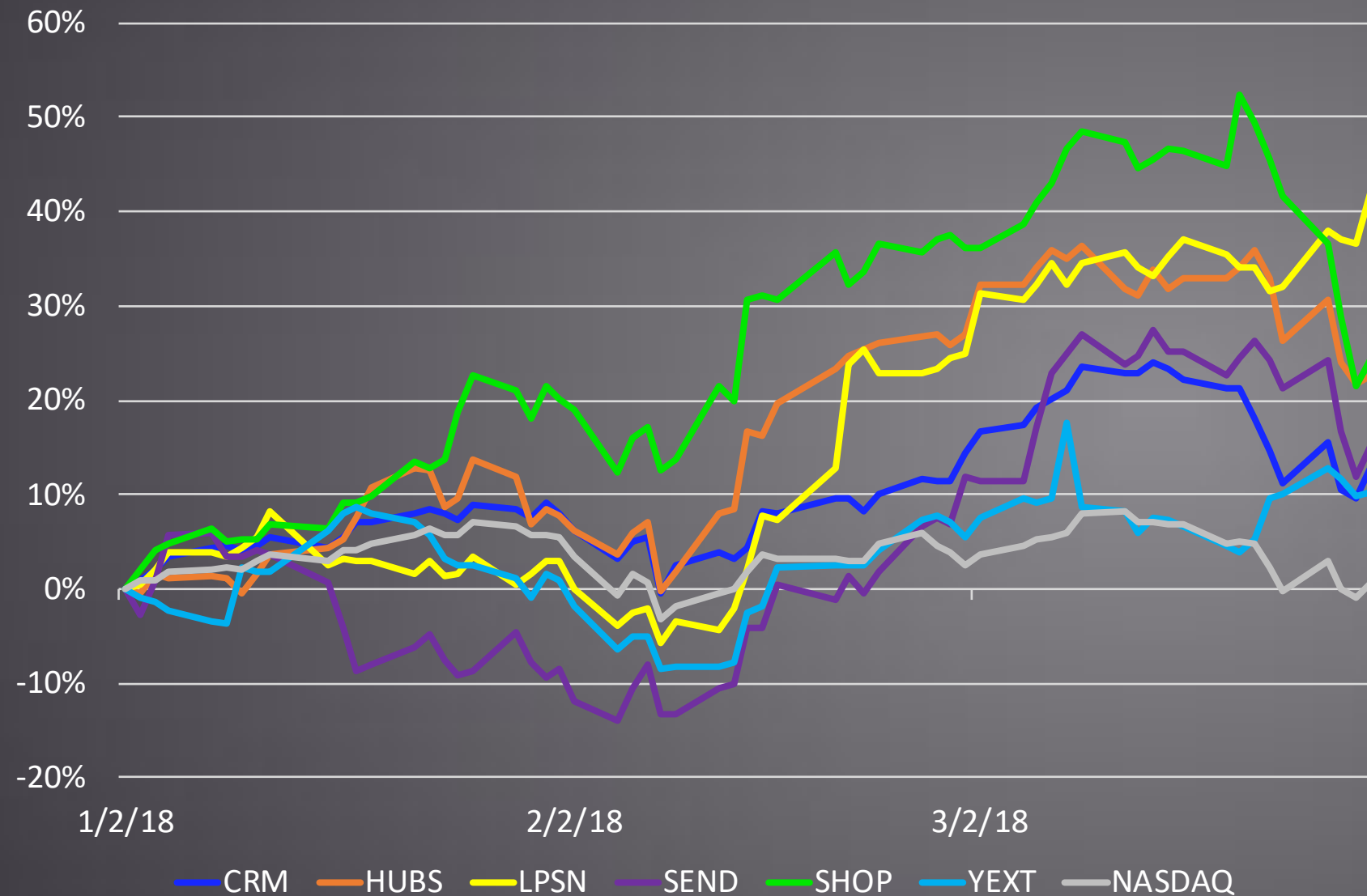
➤ Observations

- Ad Tech grew 4% in market value with the continued growth of TTD and rebound of CRTO
- After a sluggish end to 2017, MRIN fell 38% to under \$40 million in market cap in Q1 2018

➤ Highlights

- CDLX had its IPO in February and has risen 12% since its first day of trading with a market cap of \$292 million
- RUBI reported promising Q4 2017 results, announcing substantial cost reductions and forecasting a return to growth by Q4 2018

MarTech – Q1 2018 Stocks Performance



➤ Observations

- MarTech stocks surged to start 2018, rising 15% in market value
- By the end of Q1 2018, MarTech grew to over \$105 billion in collective market value, largely led by CRM and SHOP

➤ Highlights

- SEND completed its first full quarter as a public company growing 15% since the start of the year
- LPSN announced impressive revenue guidance for 2018, expecting its first return to double-digit growth since 2015

Q1 2018 Key Startup Financings to Watch

	Lead Investor	Capital Raised	Valuation	Comments
 asana	generation____	\$75M	\$900M	With about 40% of its revenue and 45% of its paying customers now coming from outside the U.S., Asana will use its new capital to grow internationally
 cheddar	RAINE	\$22M	\$160M	Cheddar, a financial news media company, grew revenue to \$11 million in 2017 and has booked \$18 million for 2018 as it looks to extend distribution
 DOORDASH	SoftBank	\$535M	\$1,400M	The food delivery company Doordash plans to use this funding to increase the number of cities it currently operates in from 600 to 1,600
 front	SEQUOIA	\$66M	N/A	Front, the shared inbox provider, will use this funding to expand globally and improve their product offering beyond collaborative inboxes
 magic leap	صندوق الاستثمارات العامة Public Investment Fund	\$461M	\$6,000M	AR startup Magic Leap is planning to release its smartglasses, Magic Leap One, later this year and will use funding to build out its software offering
 robinhood	DST	\$350M	\$5,300M	Robinhood, the popular stock trading app, raised a new round of funding from DST Global, quadrupling its valuation in just a year's time
theSkimm®	G/	\$12M	N/A	TheSkimm, known for its popular newsletter, has over 7 million subscribers and is looking to expand its products set and subscription business

LUMA's Recent Deals

December 2017

AERSERV

has been acquired by

inMOBI™

*The undersigned acted as exclusive
financial advisor to Aerserv LLC*



November 2017

 **APLOVIN**

investment by



*The undersigned acted as a financial
advisor to AppLovin, Inc.*



September 2017

Simpli.fi

has been acquired by

GTCR

*The undersigned acted as financial
advisor to Simplifi Holdings*



LUMA's Differentiated Value Proposition



1. Peerless Industry Knowledge
2. Strategic Approach
3. Execution Excellence

LUMA's Content-Driven, Expert-Based Approach



DISPLAY MOBILE VIDEO SOCIAL NATIVE SEARCH MARTECH COMMERCE GAMING STRATEGIC BUYERS

LUMAscapes
(over 6 million views
from 211 countries)



Publications
(over 3 million views)



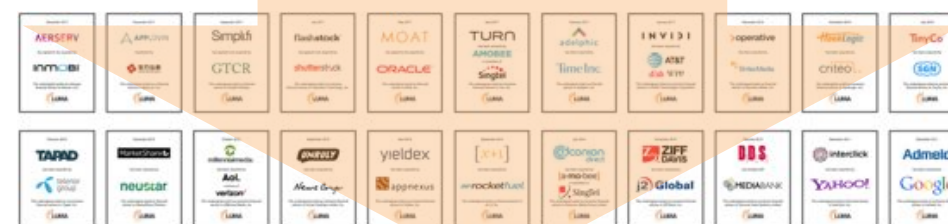
Digital Briefs



Conference Keynotes



Corporate Teach-ins



**Completed Deals at
Premium Valuations**





Investment Banking. Evolved.

New York | Palo Alto