



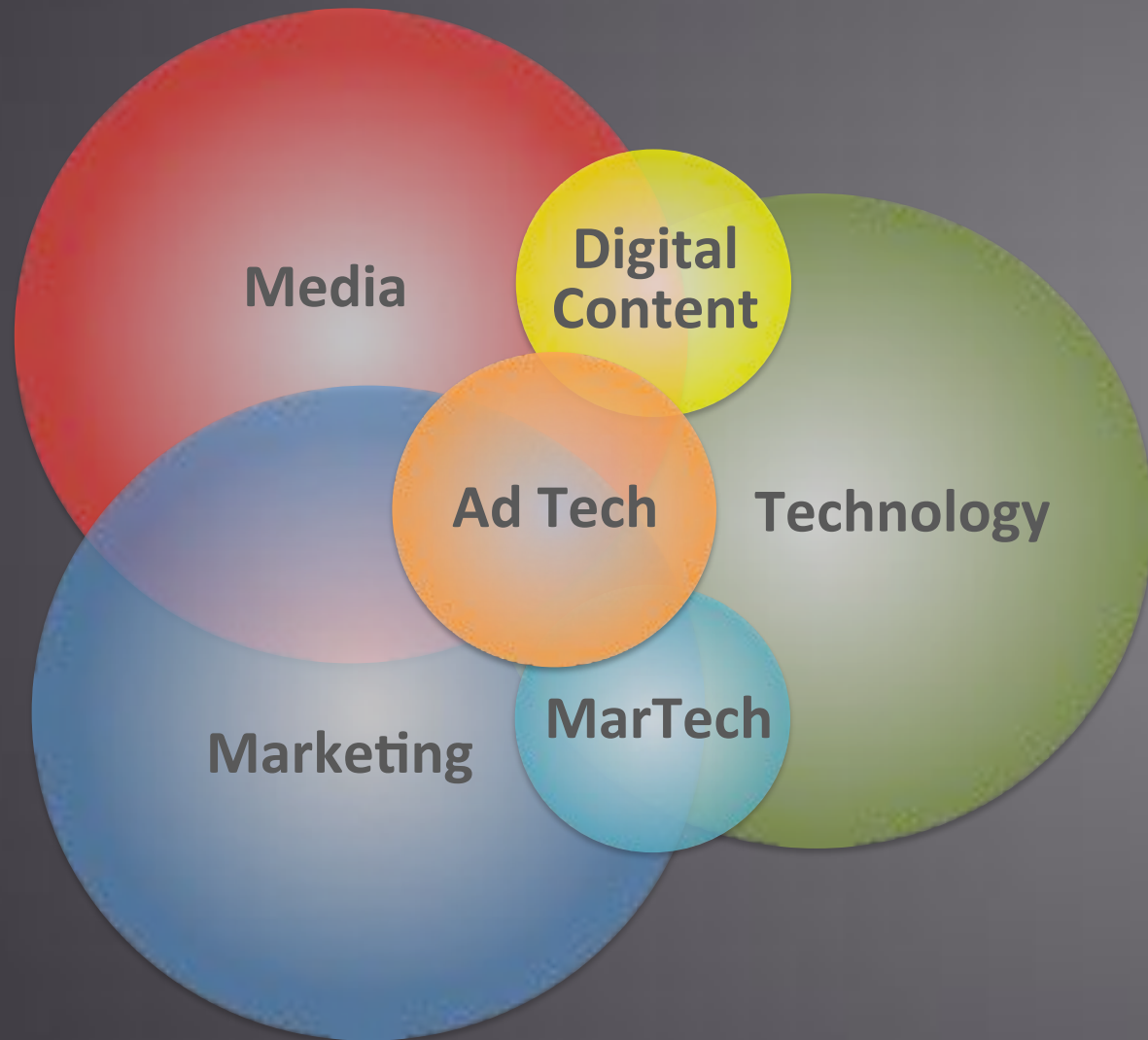
**Digital
Brief 020**

Q2 2018

Market Report

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

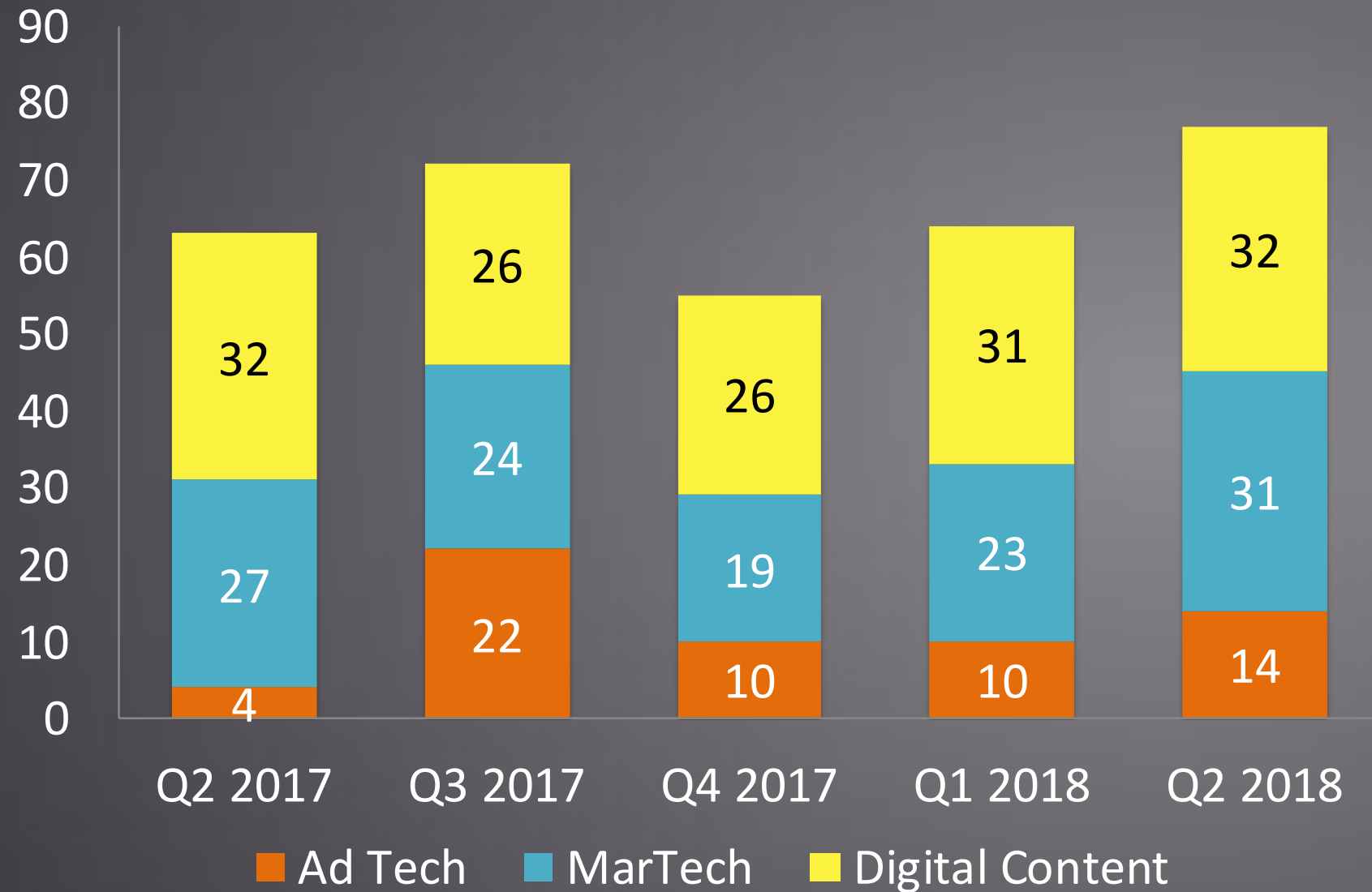
LUMA's Singular Focus on Digital Media



- 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

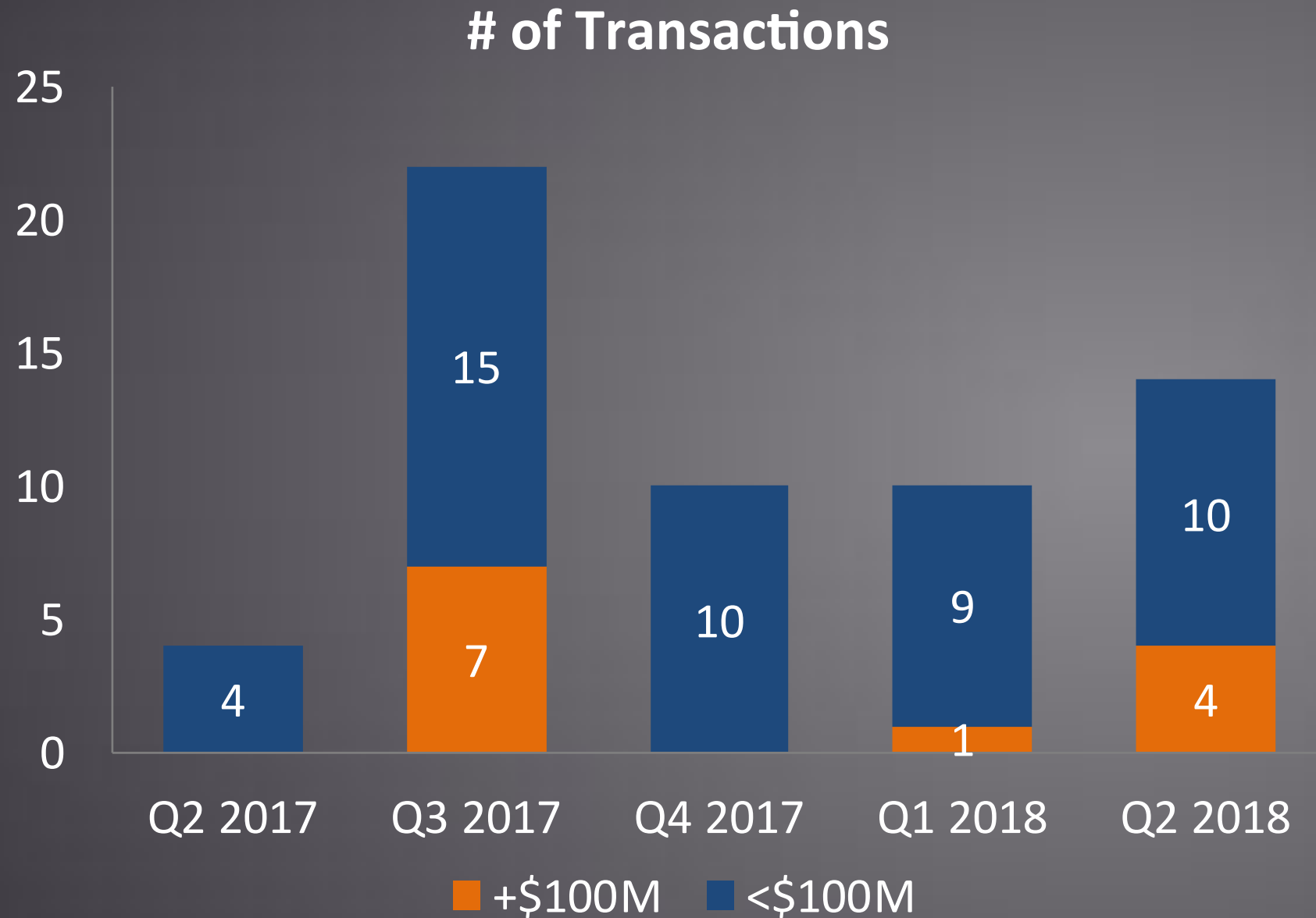
U.S. Digital Media M&A Activity by Sector

of Transactions



- The completion of the AT&T / Time Warner acquisition is expected to drive further M&A and immediately reignited the bidding war between Comcast and Disney over 21st Century Fox
- GDPR and increased data privacy scrutiny, which will have far reaching implications to all sectors dealing with consumer data, has been responsible for a slow down in M&A activity in recent quarters and may continue

Ad Tech M&A Activity











➤ Observations

- AT&T acquired AppNexus for \$1.6B, representing the second largest exit in the sector since Doubleclick 11 years ago
- Private equity remains active in this space with Vista Equity Partners acquiring Integral Ad Science for a rumored \$850M

➤ Looking Ahead – GDPR & AT&T

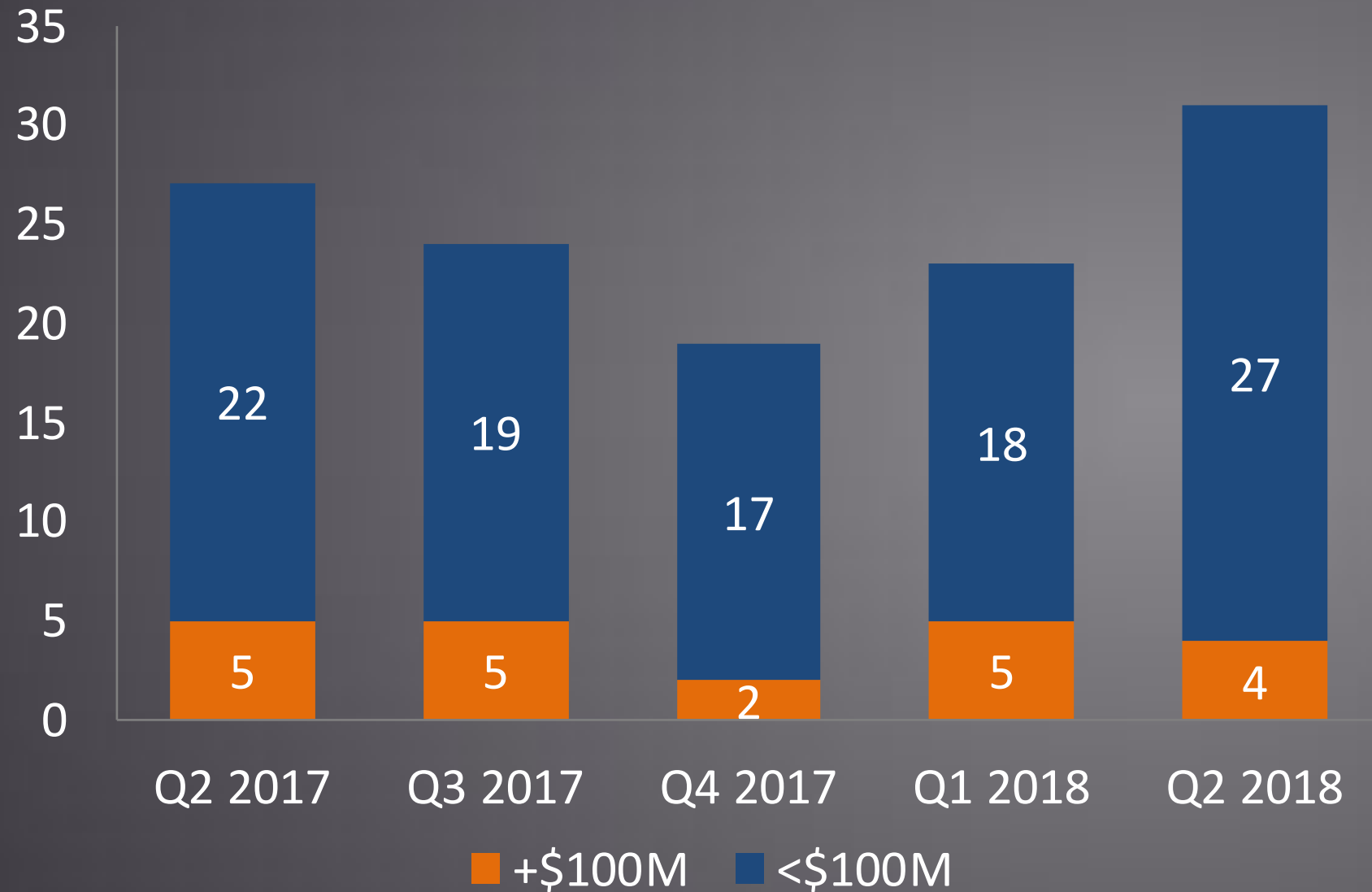
- Shortly after GDPR began in May, programmatic ad spend in the EU plunged, which could dampen deal activity in the near future until implications are better known
- Look for AT&T to do more as it scales up its advertising business

Ad Tech – Q2 2018 Notable Deals

	Acquirer	Capital Raised	Enterprise Value	Comments
 AppNexus	 AT&T	\$321.5M	\$1,600M	Following the completion of the Time Warner deal, AT&T has made its first major acquisition, acquiring AppNexus to accelerate its advertising business
 grapeshot	 ORACLE®	\$22.4M	\$325M	Oracle acquired Grapeshot, a provider of brand safety and pre-bid contextual solutions, as another extension to Oracle Data Cloud to help advertisers
 IAS Integral Ad Science	 VISTA EQUITY PARTNERS	\$116.8M	\$850M	Vista Equity Partners has acquired a majority stake in Integral Ad Science, an ad verification and measurement company
 WordStream	 GANNETT	\$28.4M	\$150M	Gannett acquired WordStream, a search advertising platform, to expand its digital marketing capabilities for its clients in local markets

MarTech M&A Activity

of Transactions











➤ Observations

- Adobe acquired Magento for \$1.7B, which now means all major Marketing Clouds have a commerce cloud platform
- Two leading website building platforms Web.com and Weebly were acquired by Siris Capital Group and Square respectively

➤ Looking Ahead – Most Active Buyers

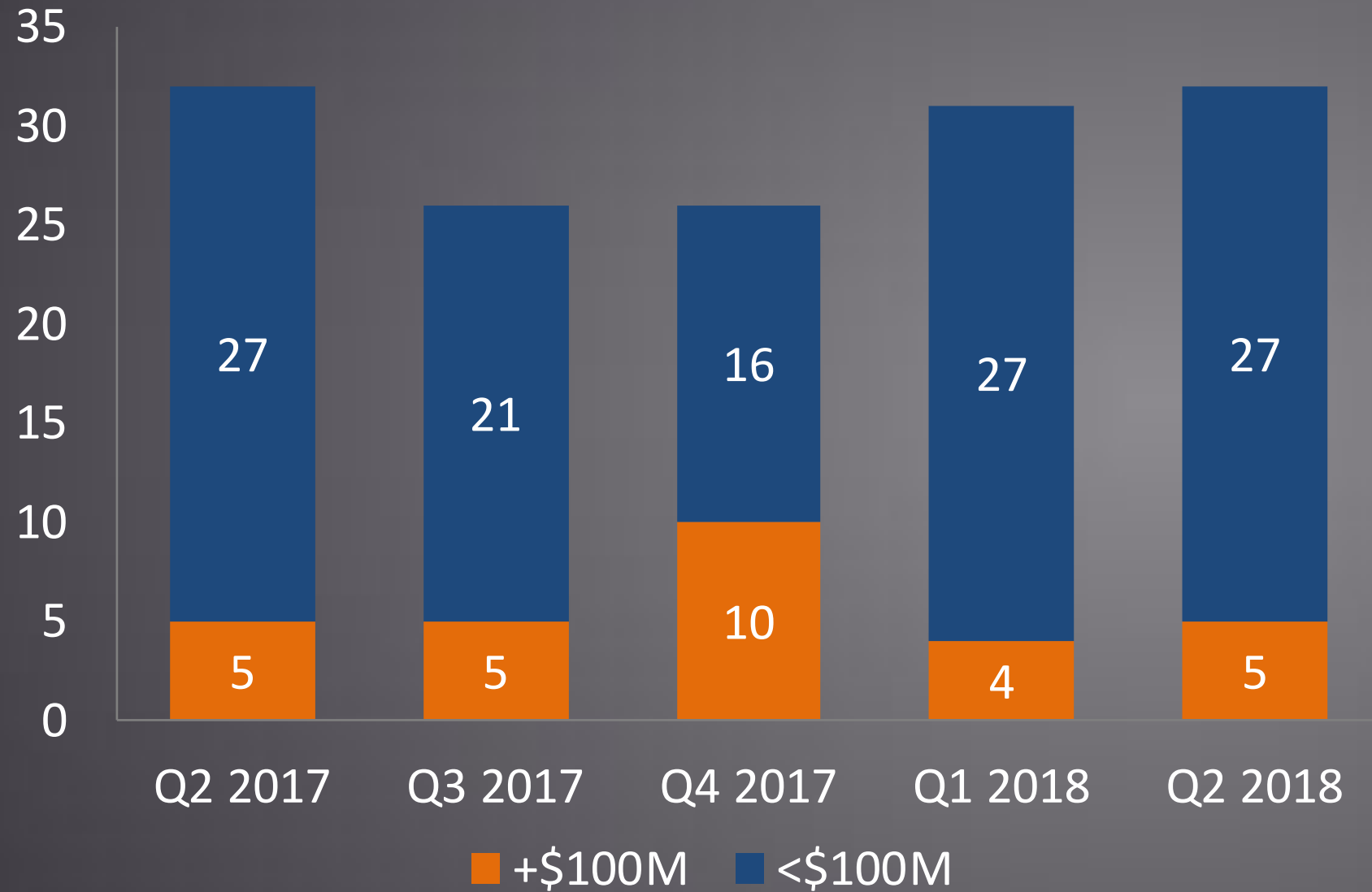
- Look for the Marketing Clouds to continue to selectively add capabilities through M&A
- We believe private equity will remain the most acquisitive buyer group of MarTech targets

MarTech – Q2 2018 Notable Deals

	Acquirer	Capital Raised	Enterprise Value	Comments
 ACCOMPANY	 CISCO	\$40.6M	\$270M	Cisco has acquired Accompany, a database platform of decision makers for prospecting, selling and relationship building
 Magento®	 Adobe	N/A	\$1,680M	Adobe acquired Magento to offer an end-to-end e-commerce offering for B2B and B2C customers, which will fold into Adobe Experience Cloud
 web.com™	 SIRIS <i>Capital Group, LLC</i>	NASDAQ	\$1,864M	Siris Capital Group has agreed to acquire Web.com, provider of website and marketing solutions for small and medium-sized businesses
 weebly	 Square	\$35.7M	\$365M	Square acquired Weebly, a website building platform, to provide its customers an integrated suite of omnichannel solutions

Digital Content M&A Activity

of Transactions













➤ Observations

- Immediately following the approval of the AT&T and Time Warner deal, Comcast submitted an official bid for 21st Century Fox, thwarting Disney's original bid
- Goldman Sach's PE arm and Hearst have acquired Slickdeals, valuing the company at \$500M

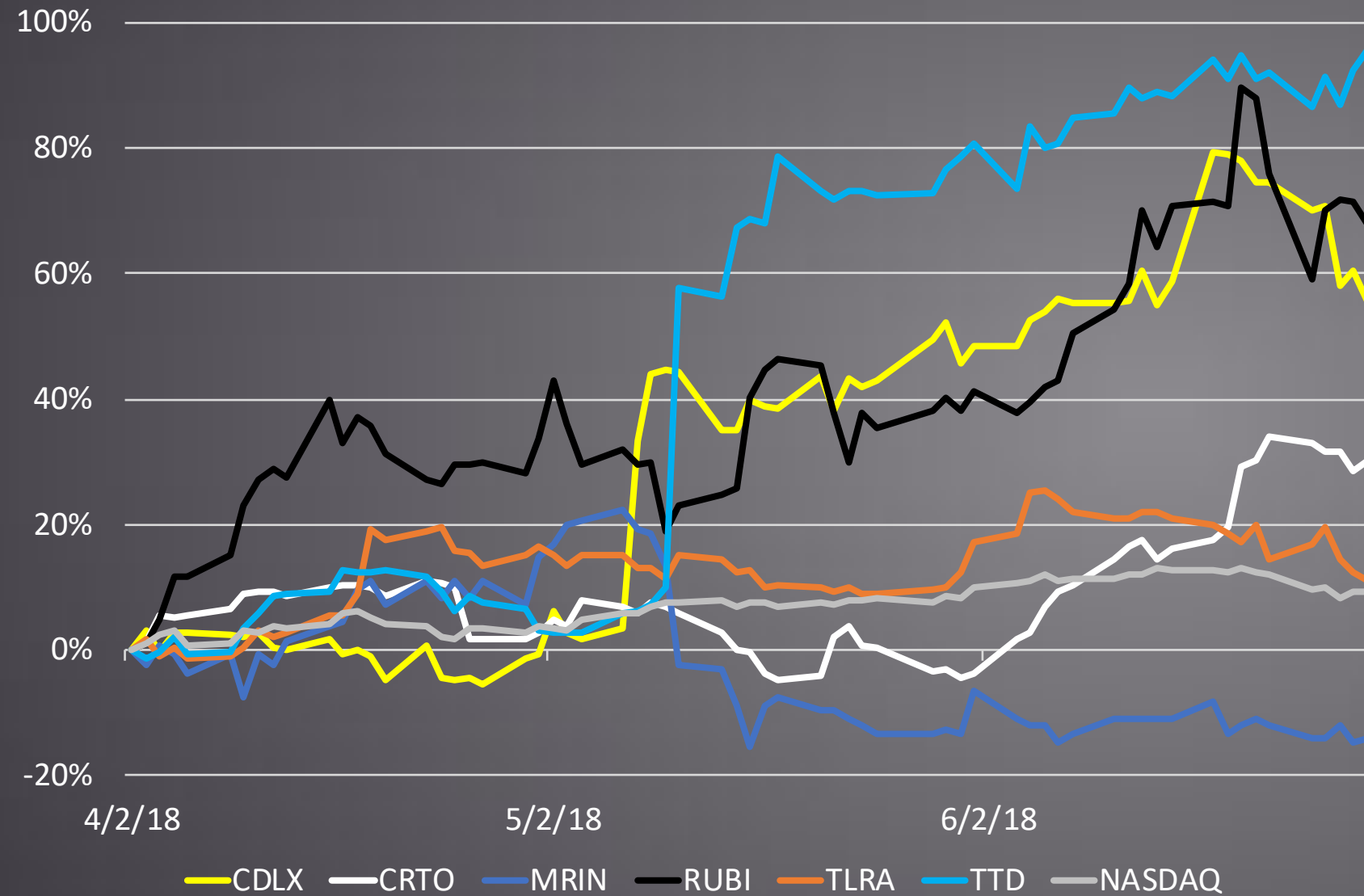
➤ Looking Ahead – Direct-to-Consumer

- A critical aspect of media mega-mergers has been building a direct relationship with consumers
- With the M&A regulatory climate stabilizing, more horizontal and vertical mergers may take place

Digital Content– Q2 2018 Notable Deals

	Acquirer	Capital Raised	Enterprise Value	Comments
		NASDAQ	\$80,129M	Comcast has made an official bid for 21 st Century Fox, an all-cash bid over \$10 billion greater than the all-stock bid originally offered by Disney
		\$32M	\$250M	Zelnick Media Capital acquired a majority stake in CafeMedia, a network of women-focused media properties and ad platform AdThrive
		\$416.2M	N/A	Paddy Power, a leading sports betting company in the U.K., has agreed to merge with FanDuel to capitalize on legalized sports betting in the U.S.
		\$1.2M	\$250M	Zynga has acquired Gram Games, a mobile game developer of popular casual and puzzle titles that have been downloaded over 170 million times
		N/A	\$500M	Goldman Sachs' private equity arm and Hearst have acquired Slickdeals, a popular online coupon and deal-sharing media company with over 10 million users

Ad Tech – Q2 2018 Stocks Performance



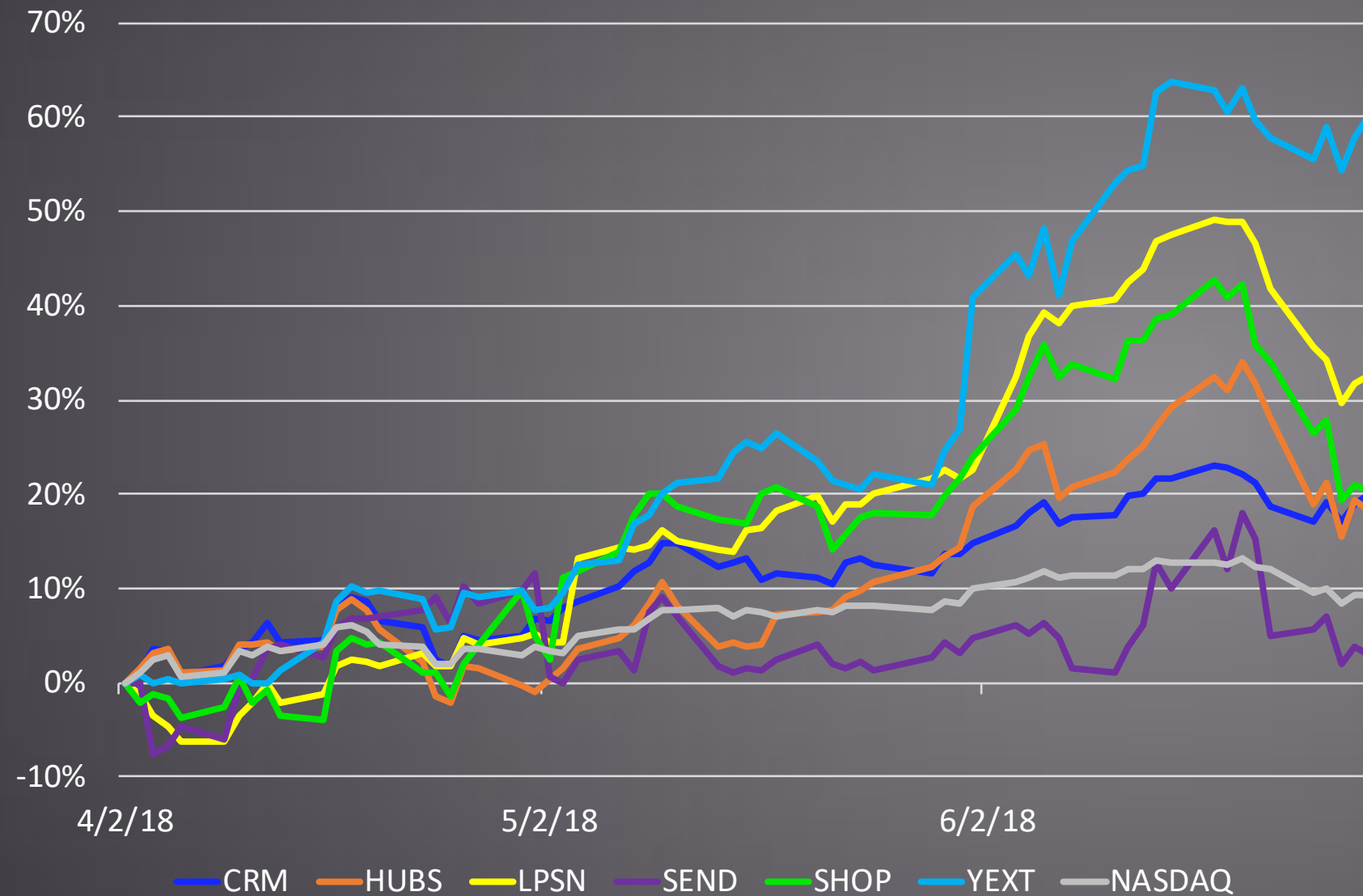
➤ Observations

- Ad Tech skyrocketed over 60% with TTD nearly doubling in value as it approaches \$4B market cap
- RUBI had a strong rebound quarter, jumping over 68%

➤ Highlights

- TTD crushed analyst estimates for Q1 earnings due to growth in mobile advertising which now represents 42% of its gross spend from the last quarter
- CRTO founder and Chairman JB Rudelle returned as CEO on April 25th to play a more active role in the company's future

MarTech – Q2 2018 Stocks Performance















➤ Observations

- MarTech rose 20% in market value with all stocks hitting year highs during the quarter, and all but two (SEND & LPSN) hitting all time highs during the period
- The sector is now valued over \$125B across these companies

➤ Highlights

- CRM eclipsed \$100B in market cap for the first time after growing revenues 25% to a record high of over \$3B in Q1
- YEXT soared after growing revenue over 38% following a quarter of slowing growth

Q2 2018 Key Startup Financings to Watch

	Lead Investor	Capital Raised	Valuation	Comments
 BIGCOMMERCE		\$64M	N/A	Founded in 2009, BigCommerce, an e-commerce software platform, has now raised a total of \$200 million and powers over 6,000 commerce sites
 bouncex		\$37M	N/A	BounceX, a people-based marketing cloud, raised more capital in growth round to accelerate its expansion in the U.S. and the U.K.
 DISCORD	N/A	\$50M	\$1,650M	Amid the rise of gaming and e-sports, Discord, a messaging platform for gamers, has exploded with over 14 million daily players using the platform
 Drift		\$60M	N/A	Drift, a live chat and marketing platform for B2B companies, will use its latest round of funding to make acquisitions and expand its teams in the U.S.
 fubo^{TV}	N/A	\$75M	N/A	Sports streaming service FuboTV has raised more capital from a variety of media companies including AMC, Fox, and Sky to grow its offerings
 IFTTT		\$24M	N/A	IFTTT, a platform that connects apps, devices and services, has over 11 million users using over a billion applets a month
 Outreach		\$65M	\$500M	Outreach, a sales automation platform, is now used by over 2,4000 sales teams and 22,000 users, doubling its customer count over the last year

LUMA's Recent Deals

April 2018




has completed a financing led by




The undersigned acted as exclusive financial advisor to Bounce Exchange, Inc.




December 2017



has been acquired by



The undersigned acted as exclusive financial advisor to Aerserv LLC



November 2017



investment by



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



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)



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Conference Keynotes



Corporate Teach-ins



Completed Deals at Premium Valuations



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A parody to give you hope:





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