



Digital Brief 014

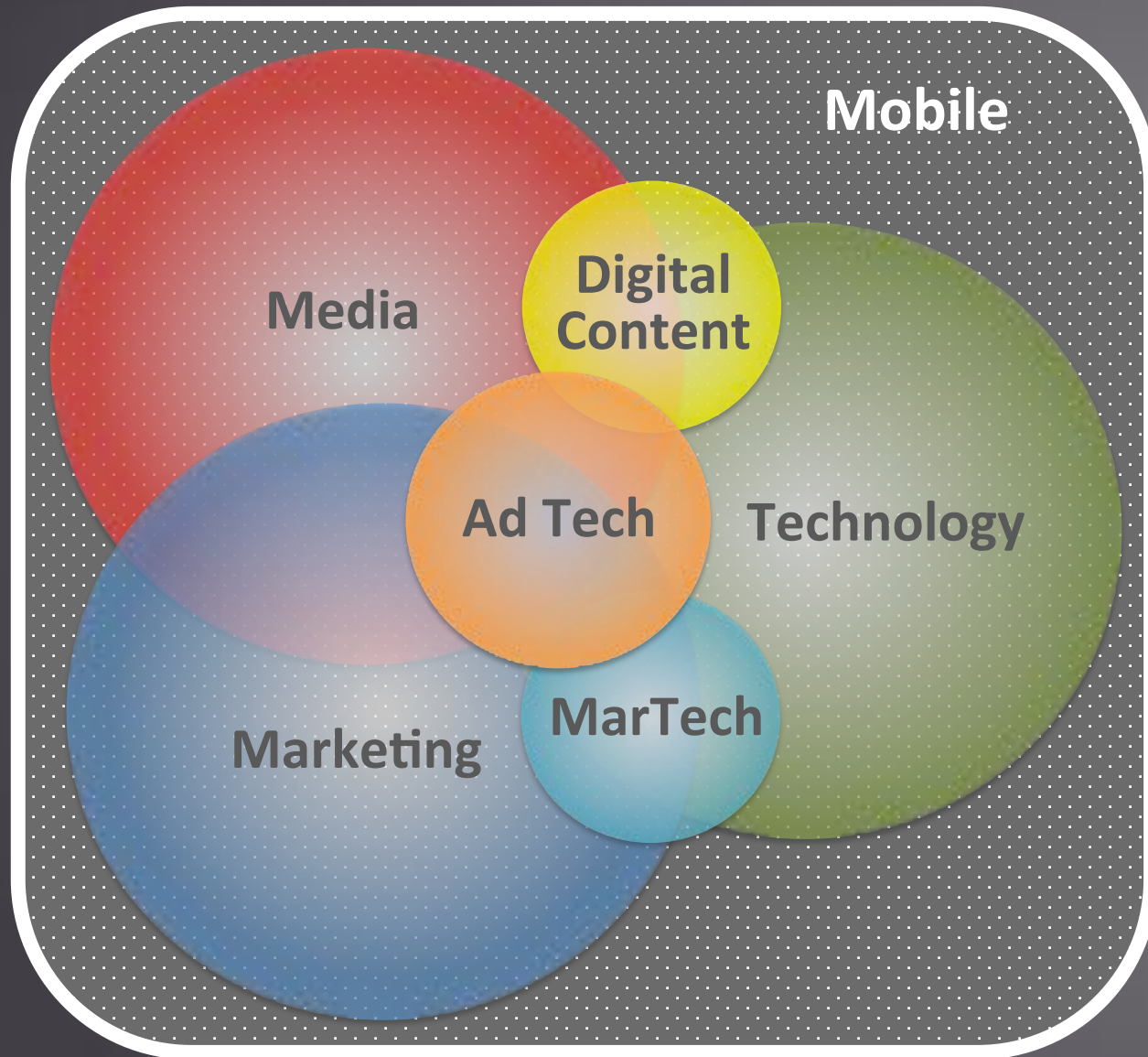
Q1 2017 Market Report

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

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

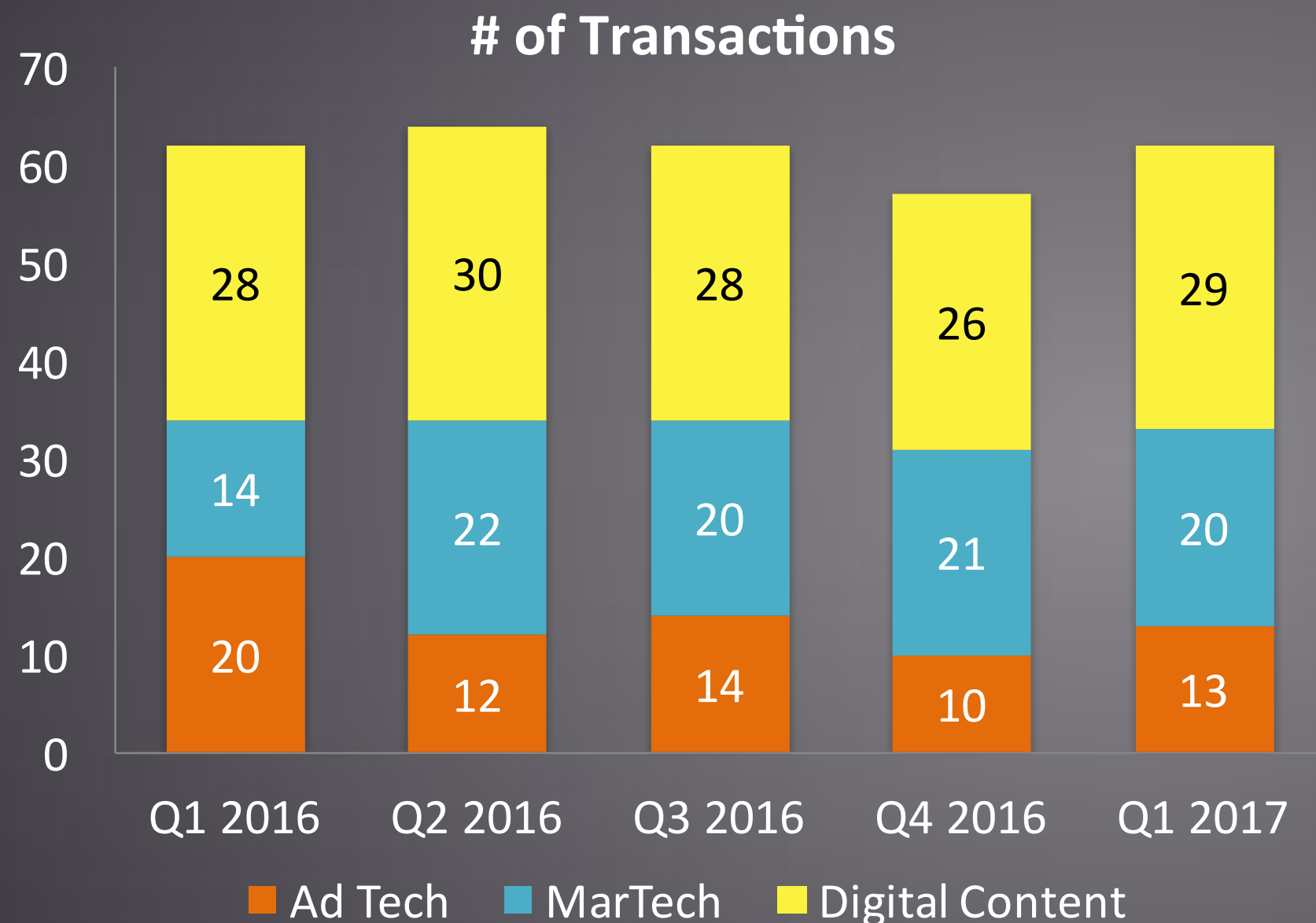
March						
S	M	T	W	T	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

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
- **Mobile** proliferation has a major impact on these markets and LUMA is deeply knowledgeable on mobile

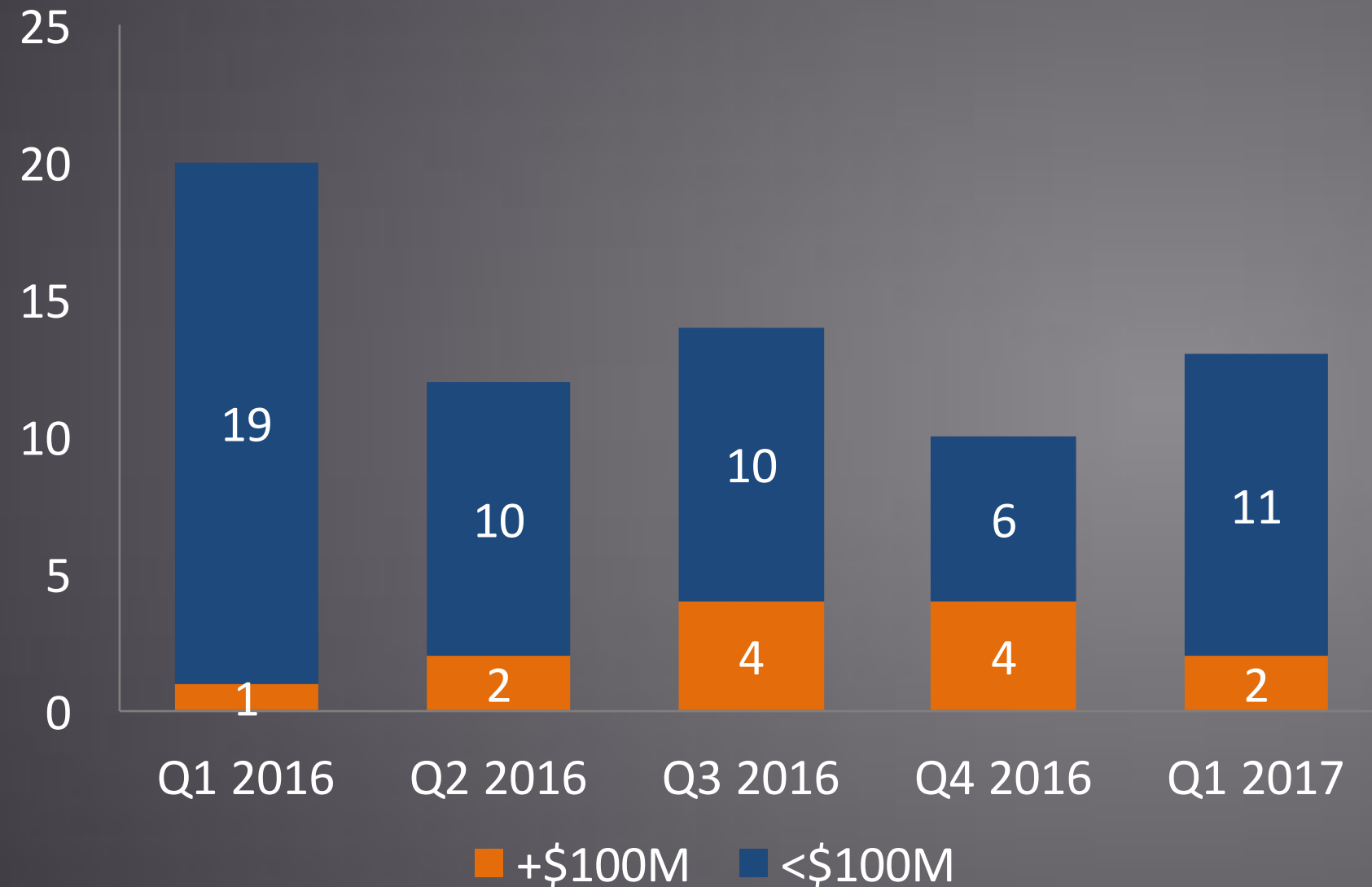
U.S. Digital Media M&A Activity by Sector



- M&A activity led by private equity and telcos was the main story in 2016 and we expect this trend to continue into 2017 as the digital media space matures
- Altice, Comcast and Singtel were active in Q1, acquiring Ad Tech and data platforms to build their growing advertising businesses
- American Media, CBS, Sinclair Broadcast Group and Tronc were active as well, snapping up media brands to grow their digital presence

Ad Tech M&A Activity

of Transactions







➤ Observations

- Telcos were active in Q1 with Altice acquiring Teads and Audience Partners, and Singtel acquiring Turn
- Time Inc. acquired Adelphic to bolster its digital advertising strategy after acquiring Viant last year

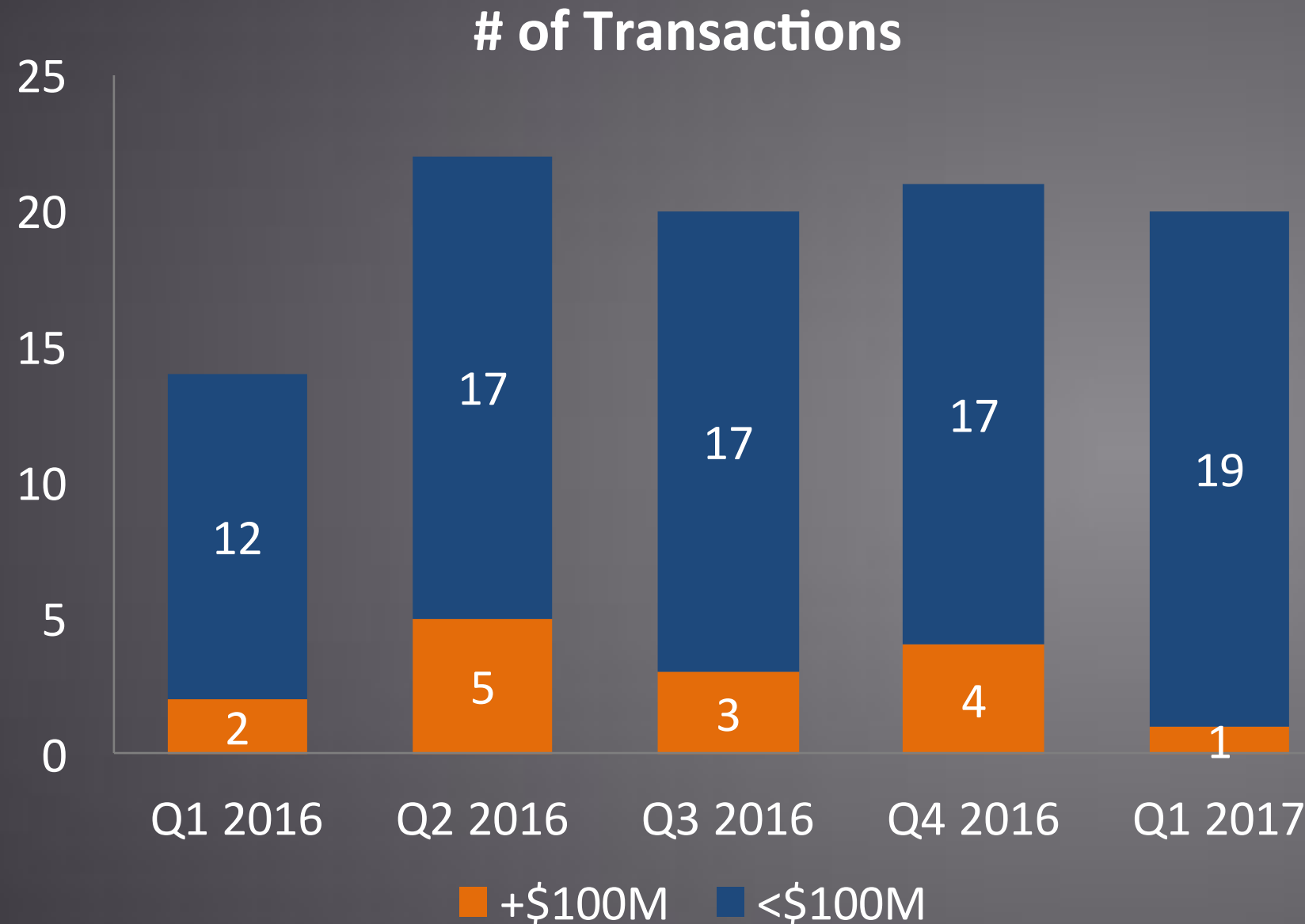
➤ Looking Ahead – Marketing Clouds

- Following the acquisition of TubeMogul by Adobe in Q4 2016, we may see more M&A activity from the Marketing Clouds in Ad Tech if they plan to bring media execution into their suite of marketing tools

Ad Tech – Q1 2017 Notable Deals

	Acquirer	Capital Raised	Enterprise Value	Comments
		\$55M	\$308M	Cable provider Altice has agreed to acquire Teads, a leading ad network focused on outstream video ad formats
		\$164M	\$310M	Singapore telco Singtel has agreed to acquire Turn, an omni-channel demand side platform and analytics firm

MarTech M&A Activity







➤ Observations

- Q1 2017 started off the year with a similar number of transactions to past quarters
- The largest transaction was Dunn & Bradstreet's acquisition of Avention; D&B will add Avention to its growing portfolio of sales and marketing tools, two years after acquiring NetProspex

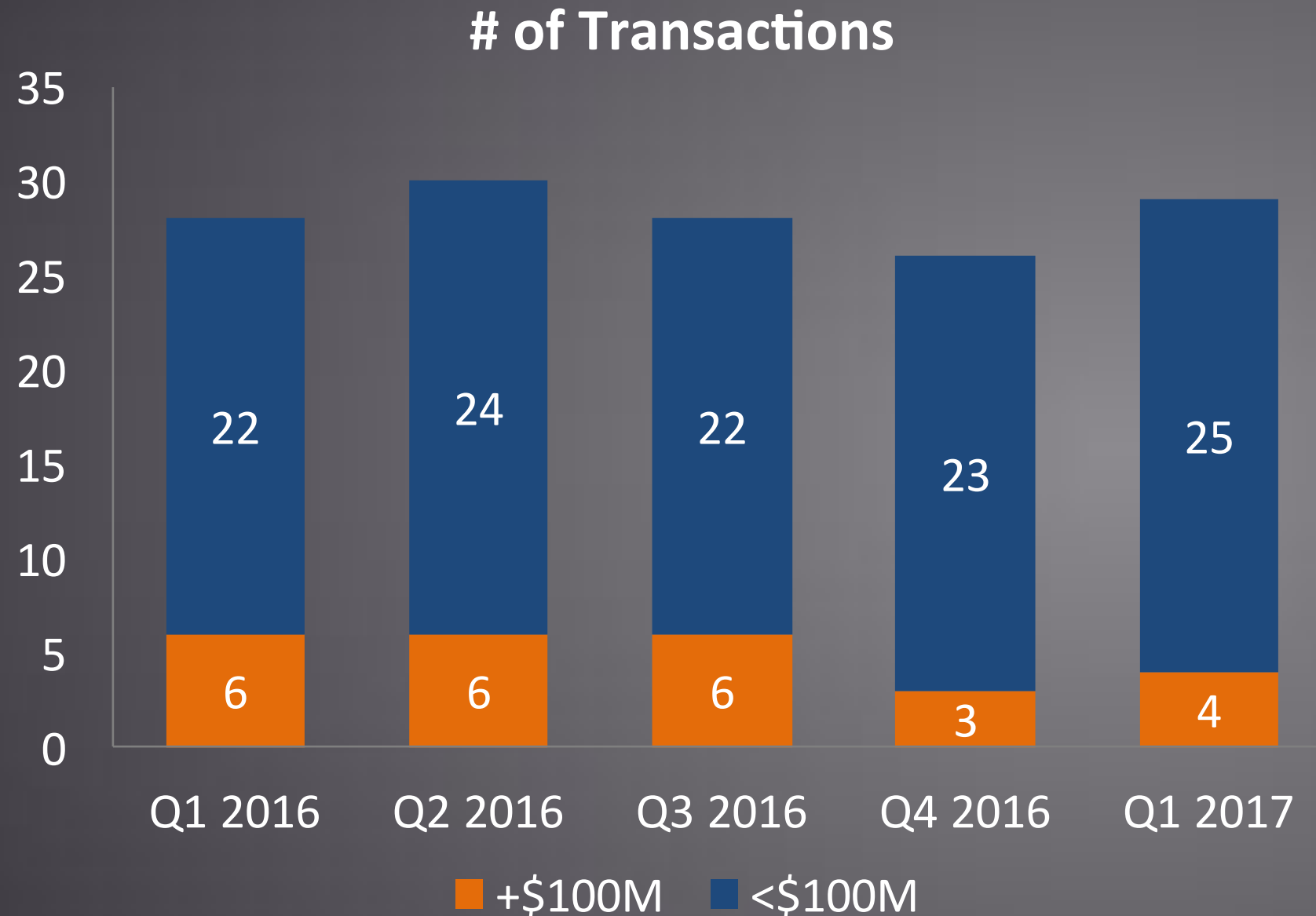
➤ Looking Ahead – Data, Measurement, AI

- Data, measurement & artificial intelligence continue to be recurring themes for potential M&A as data-driven marketing continues to grow

MarTech – Q1 2017 Notable Deals

	Acquirer	Capital Raised	Enterprise Value	Comments
		N/A	\$150M	Dun & Bradstreet has acquired Avention, a provider of company data for B2B sales and marketing professionals, to grow its data and software assets
		\$37M	N/A	eBates, a subsidiary of Rakuten, has acquired Cartera Commerce, a software platform that enables marketers to manage loyalty programs and shopping rewards

Digital Content M&A Activity











➤ Observations

- Publisher consolidation began with Gothamist, PureWow, Spanfeller Media Group, Upworthy and US Weekly all being acquired
- The acquisitions of Outfit7 and Socialpoint highlighted the quarter in gaming M&A

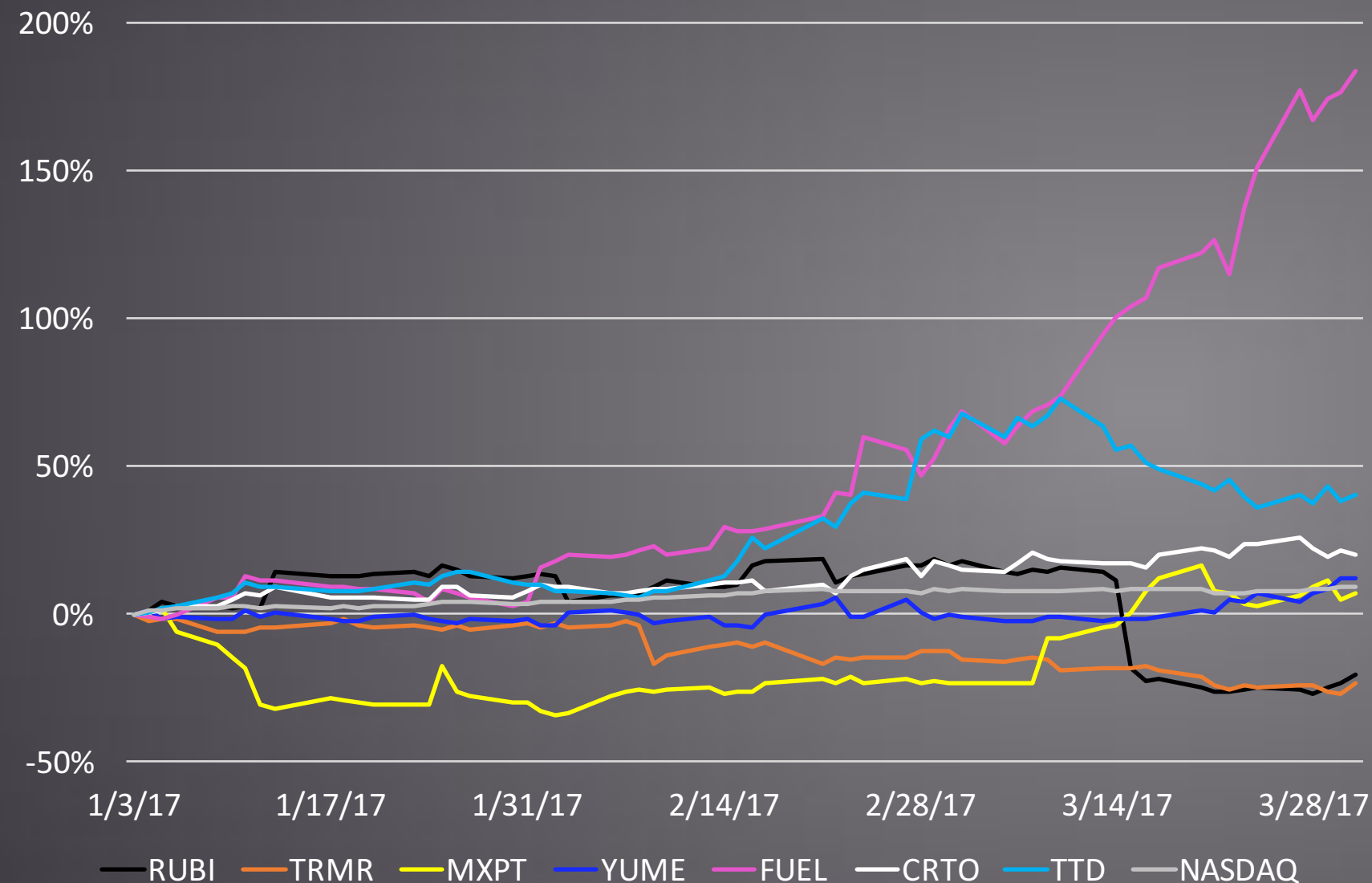
➤ Looking Ahead – Verticalization of Media

- With AT&T's pending acquisition of Time Warner and Facebook's anticipated move into original content, how will the verticalization of media by major distribution platforms impact the business of content going forward?

Digital Content – Q1 2017 Notable Deals

	Acquirer	Capital Raised	Enterprise Value	Comments
		\$17M	+\$100M	Gartner has acquired L2, a business intelligence firm focused on digital performance benchmarking and analysis for brands
		N/A	\$1,000M	Outfit7, the maker of the Talking Tom franchise, has been acquired by Zhejian Jinke Entertainment, a chemicals company that entered the entertainment market last year
		\$45M	\$276M	Take-Two Interactive is expanding its business into mobile gaming with the acquisition of Socialpoint, the maker of Dragon City and Monster Legends titles
		N/A	\$100M	American Media, a publisher of magazines and digital content, has acquired US Weekly to add to its portfolio of media brands

Ad Tech – Q1 2017 Stocks Performance



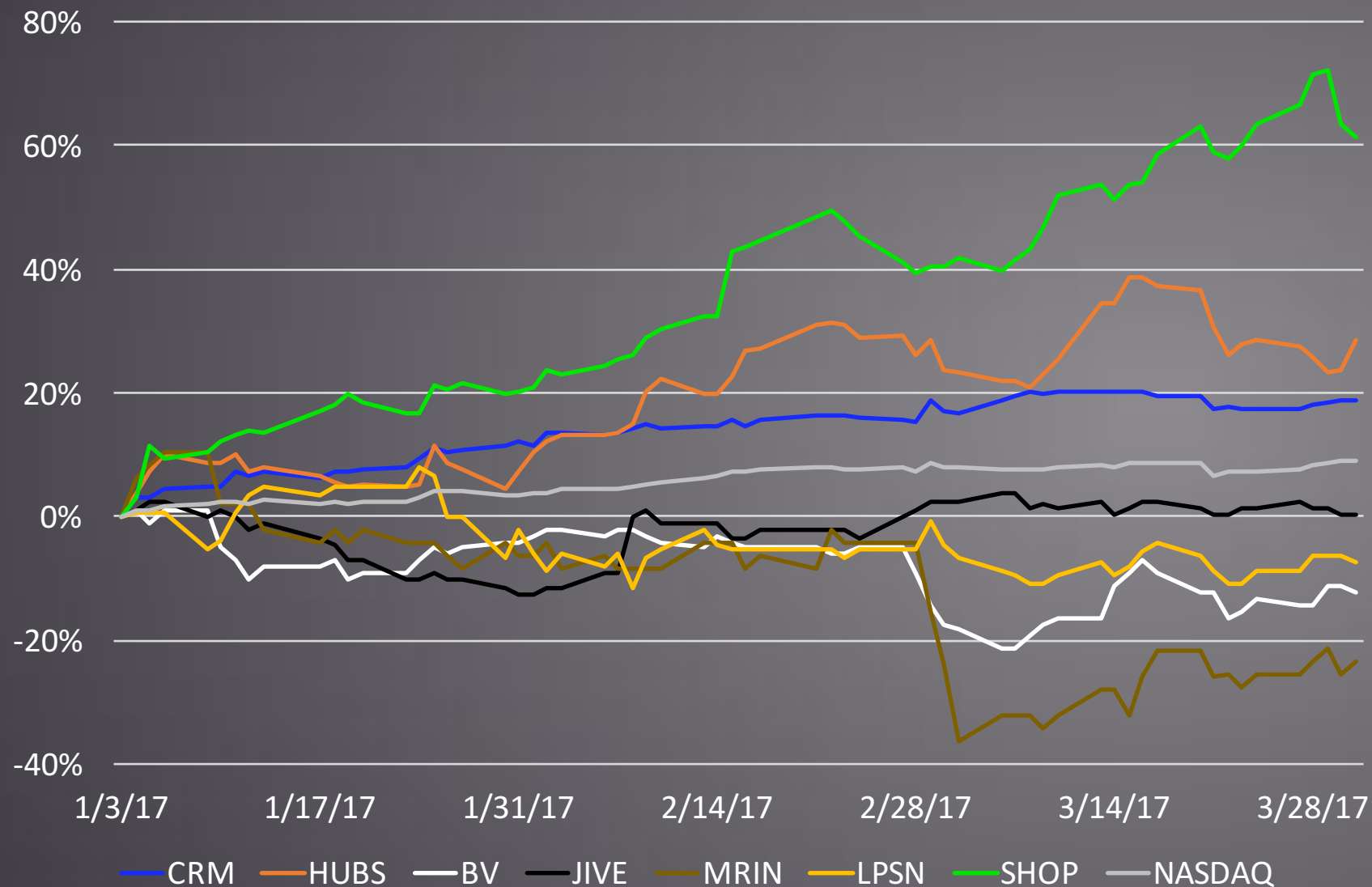
➤ Observations

- In Q1, Ad Tech stocks jumped over 20% collectively, led by CRTO, FUEL, and TTD
- The major platforms look to rebound after header bidding caused investor concern over the future of their businesses in 2016

➤ Highlights

- Investors have bought into FUEL's plan to return to growth this year, as shown by the stock soaring 180% in the first quarter
- TTD begins its first full year as a public company on the right track, climbing 40% in Q1

MarTech – Q1 2017 Stocks Performance















➤ Observations

- In Q1, the MarTech sector grew over 20% with only BV and MRIN starting the year in negative territory
- After a poor 2016, SaaS leaders CRM and HUBS soared nearly 20% and 30% respectively in Q1

➤ Highlights

- CRM and HUBS beat analyst's expectations for Q4, reporting revenues that grew 27% and 44% year-over-year
- BCOV jumped 13% after a board member resigned and urged the company to seek a sale

Q1 2017 Key Startup Financings to Watch

	Lead Investor	Capital Raised	Valuation	Comments
		\$56M	N/A	Mobile attribution firm Appsflyer has grown revenues by 500% over the last two years and currently measures over \$6 billion in mobile marketing spend
		\$119M	N/A	Fantasy sports company DraftKings has raised a new round of funding while it awaits federal review over its pending merger with FanDuel
		\$104M	N/A	Fuze, an enterprise cloud communications firm, added 449 new customers and grew revenues by 90% in 2016
		\$175M	N/A	Used goods marketplace Letgo has surpassed over \$20 billion in gross merchandise value sold in just two years since its launch in 2015
	MERITECH	\$92M	N/A	User-generated gaming platform Roblox has seen engagement surge with over 1.6 billion user developed Roblox games played every month
SoundHound Inc.		\$75M	N/A	Soundhound Inc., the firm behind apps that enable users to identify music, will use new capital to expand its voice-enabled AI technologies
	SEQUOIA 	\$100M	N/A	Zoom, an enterprise video conferencing company, has grown its customer base to over 450,000 companies and 5,800 academic institutions

LUMA's Recent Deals

January 2017

INVIDI

has been acquired by



The undersigned acted as exclusive financial advisor to INVIDI Technologies Corporation



February 2017



has been acquired by

Time Inc.

The undersigned acted as exclusive financial advisor to Adelphic, Inc.



Pending

TURN

has agreed to be acquired by

AMOBEE

a subsidiary of



The undersigned acted as exclusive financial advisor to Turn, Inc.



Congratulations Snap!



We'd like to extend our congratulations to the entire team at Snap on their successful initial public offering. LUMA is honored to have played a role.

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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