

## M&A UPDATE

In our M&A recap this month we look at overall deal activity in Q1 2018 across the media, information, marketing, software and tech-enabled services sectors alongside that of Private Equity globally.

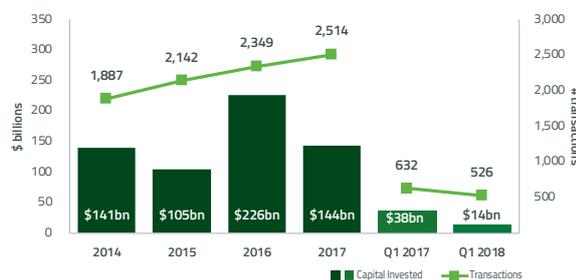
### Global M&A Activity<sup>1</sup>

- 2018 recorded a strong start for M&A with more than 500 transactions announced in Q1 totalling \$71.1bn, a 124% increase over Q1 2017, due to several large transactions.
- The **Tech-Enabled Services** sector dominated the quarter's megadeals, including General Dynamics' acquisition of CSRA for \$6.9bn.
- The **Exhibitions & Conferences** sector saw an unprecedented increase of 1,320% in deal value in Q1 2018 driven by Informa's acquisition of UBM for \$6.3bn.
- The **Marketing Services & Technology** sector continues to be very active. Deal volume decreased slightly by 9% to 146 but the sector saw an 85% increase in value to \$8.7bn driven in large part by the SAP America acquisition of Callidus Software for \$2.6bn.



### Global PE Activity<sup>2</sup>

- 2018 recorded a slower start for PE activity, both in transaction volume and capital invested driven by a decrease in investments in Europe and North America alike.
- Software** has been a central point of the PE market in Q1 2018, representing 15% of deal flow. Software's activity is also growing in terms of capital invested, currently accounting for 12% of deal value in 2018, in part due to the \$1.6 billion take-private deal for Barracuda Networks in February.
- Several prominent fundraises, including \$10-billion-plus funds for Silver Lake and Vista Equity, suggest that software deals will remain popular for some time.
- In terms of verticals, **Augmented Reality** and **Cryptocurrency/Blockchain** recorded the highest increases in transaction volume, from 1 deal in Q1 2017 to 5 in Q1 2018 and from 3 to 8 deals respectively.



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### HAVE YOU SEEN RECENTLY...

- Salesforce has agreed to acquire the business software company MuleSoft for approximately \$6.5bn. > [CLICK HERE](#)
- CommerceHub is to be acquired by GTCR and Sycamore Partners in \$1.1bn deal and is expected to close in the third quarter of 2018. > [CLICK HERE](#)
- Platinum Equity announced an offer to acquire LifeScan from Johnson & Johnson in a transaction valued at approximately \$2.1 billion. > [CLICK HERE](#)

## SECTOR RESEARCH: B2B MEDIA, INFORMATION AND DATA

M&A activity across the European and North American B2B Media, Information and Data markets remained strong through 2017 with 94 transactions closed, up 8% on 2016 and in line with 2015. Data and Information remain the most active sub-sectors, making up 57% of all deals in 2017 and 58% of all deals over the last three years.

[Read Full Report Here](#)

### INVESTMENT THEMES

#### 1. FOCUS ON BUILDING INTERNATIONAL SCALE

*This includes both intra-sector consolidation and expansion into agencies.*

#### 2. DEEPENING REACH INTO PROPRIETARY DATA AND INFORMATION IN KEY VERTICALS

*Finance, TMT and Healthcare remain the most active industry verticals with 14, 11 and 6 deals in 2017 respectively, making up a total of 33% of all B2B transactions closed.*

#### 3. CONTINUED APPETITE FOR PREMIUM, DIFFERENTIATED INTEGRATED B2B MEDIA ASSETS

*Scarcity of premium B2B integrated media and events companies of scale has driven high valuations for attractive assets.*

#### 4. SUSTAINED FINANCIAL SPONSOR ACTIVITY

*With current global dry powder of \$94.2bn, Private Equity remains a highly competitive buyer set across the B2B landscape, with 15% of deals in 2017 featuring a financial sponsor including:*

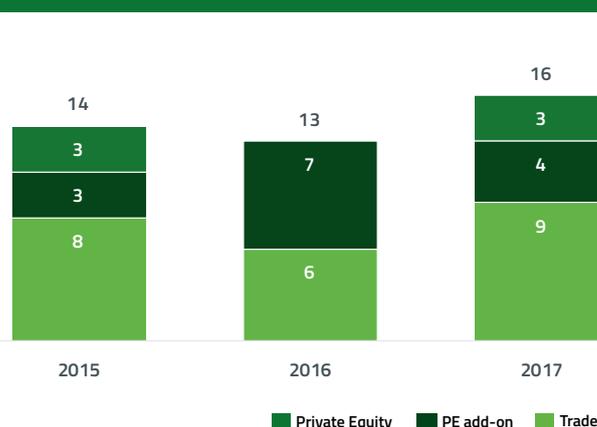
- Blackstone's \$17bn acquisition of Thomson Reuter's financial and risk business
- Blackstone's \$780m acquisition of Clarion Events
- GIC's investment in Acuris (formerly MergerMarket)

IN THE PERIOD 2015 - 2017, 30% OF ALL TRANSACTIONS WERE CROSS-BORDER

**23** cross border transactions within Europe

		BUYER LOCATION			
		UK	Germany	France	RoE
TARGET LOCATION	UK	53	2	2	3
	Germany	2	13	-	1
	France	2	-	9	-
	RoE	5	2	-	11
	Total	62	17	11	15

### B2B INTEGRATED MEDIA DEALS 2015- 2017



### 2018 OUTLOOK

Looking forwards over the next 6 – 12 months, the main drag on M&A activity is likely to be a scarcity of high quality mid-market businesses which can demonstrate the investment themes which buyers are looking for, in particular deep niche expertise or reach and demonstrable international scalability coupled with strong underlying financial performance. Those businesses which can evidence these, however, will be very much in demand and can expect exceptional outcomes.

## MOBILE WORLD CONGRESS 2018

Clarity attended the GSMA Mobile World Congress in February. Held in Barcelona Spain each year, the exhibition is the world's largest for the global mobile industry and brings together the ecosystem of mobile operators, device manufacturers, technology providers, vendors and content owners under one roof.

This year despite the now infamous storm 'Beast from the East' bringing unseasonably cold weather including snow and blizzards to the city, the event drew an attendance of more than 100,000 visitors over the 4 days with the usual array of high profile speakers from the likes of BT Group, China Mobile, HTC, Tata Communications, Ericsson and many, many more.



Samsung stole most of the headlines on the device front, debuting their new Galaxy S9 and S9 Plus at the exhibition as well as the latest incarnation of their Gear VR headsets.

Key topics explored this year were 5G, AI and IoT as well as blockchain and policy / regulation of the industry. A recurring question throughout on 5G was around how the industry will ultimately drive adoption and what the use cases will be; in plain terms how does one make it profitable and is it worth the investment when there is still much that can be done to improve 4G? One leading industry expert we spoke with put it succinctly; 'Is 5G Fake News?' – the jury is still out.

### KEY TAKEAWAYS/QUESTIONS FROM MWC 2018 FOR THE YEAR AHEAD:

- 5G – Is it fake news?
- GDPR – how will it play out? (See also our previous [GDPR research piece](#) for more on this)
- First-Party data – linked to new regulations (as above) and accelerated by the recent Facebook scandal, advertisers are becoming focused on the power and transparency of directly gathered customer data. How will this affect data providers and will they respond?

*We look forward to assessing the impact of these at 2019's event, hopefully under warmer skies...*

On the M&A front Comcast's bid for Sky was on many peoples' minds as well as the continued expectation that Telco operators seeking to expand their offering into related software and services will look to acquire. Areas such as data analytics and visualisation, cloud and data security (such as Telstra's acquisition of Company85, a transaction on which Clarity advised) and broader digital transformation services are likely to remain areas of activity.

The great and the good from the mobile marketing services and technology ecosystem were also on show in the 'App Lounge'. Here as much as in any other area of the event, GDPR and personal data were key topics of focus with providers all striving to offer customers regulatory compliant solutions as well as guidance. Players ranged from app market data and insights providers like App Annie and Similar Web, to AdTech providers such as AppLift and Kimia through to broader mobile payment, messaging and services providers such as Nth Group and Dimoco.

A number of PE backed businesses were prominent such as Ogury (IDinvest), Adjust (Highland Capital) and Pendo (Meritech, Spark and Battery Ventures) highlighting the continued activity we see from financial investors in the mobile marketing sector.

## BVExpo 2018

Clarity attended BVE 2018 in February. Held at London's Excel Centre it is the UK's largest entertainment and media technology event.

There were an impressive array of industry leaders and innovators in the room with key notes from the likes of Vice Media, Cineflix Media, Technicolor, Framestore (who JEGI | CLARITY advised on their sale to CIH) and Endemol Shine. There were also leading private equity backed businesses on show such as Vizrt (Nordic Capital), Simplestream (Beringea) and Gearhouse Broadcast (part of Towerbrook backed Gravity Media Group).



Some of the key topics being discussed included; (i) 4D and the rise of the 'mainstream' immersive experience; (ii) user generated content (USC) driving a wave of new opportunities as well as challenges for content; (iii) the explosion of eSports – big bets have been placed by established players in the broadcast and OTT world, will they pay off?; (iv) Cloud delivery of content – with OTT and VOD continuing to blur, broadcasters will face new challenges, for example in competing on user experience in a fractured landscape.

## HEY, DID YOU SEE THIS?

### EIKON

April 10, 2018

Funds advised and managed by private equity fund manager YFM Equity Partners (YFM) have backed an investment into Eikon Group Limited, a cutting edge, end-to-end, digital post-production services for the motion picture and broadcast industry. YFM's investment comes from its two advised VCTs alongside the YFM Equity Partners 2015 Co-Investment LP.

[Read Article](#)

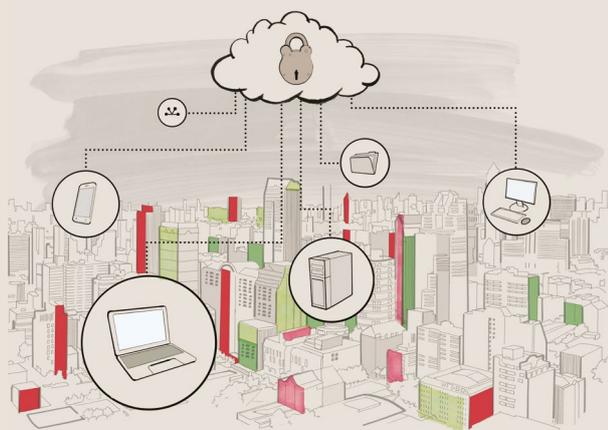


### XCEED GROUP

April 6, 2018

International consulting firm Wavestone has acquired Xceed Group, a fast growing technology consultancy with sixty employees across offices in London, Edinburgh and New York. Established in London in 2003, Xceed Group is a technology consultancy specialised in implementing large IT transformation programmes for major financial services organisations.

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### PURPLEBRICKS

March 26, 2018

Purplebricks Group Plc said on Monday German publisher Axel Springer bought a 11.5 percent stake in the British online estate agent for about 125 million pounds (\$177.65 million). The company said Axel Springer's investment, which included a 100 million pounds subscription for new shares, would be used for further expansion in the United States.

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## ABOUT CLARITY

Clarity has been a leading M&A advisor for the global media, information, marketing, software and tech-enabled services sectors for over a decade. Headquartered in Europe, with offices in London and Sydney, and New York City and Boston (through our partnership with JEGI), we have a strong and growing global presence.

We provide clients with a global network of prospective buyers and senior decision makers, as well as vast industry knowledge, perspective and intelligence. This affords our clients seamless access to deep market insights and a wealth of M&A experience, enabling us to deliver them great results.

We share our clients' passion and ambition: for what they've achieved, the future they're building and the industry in which they work.



## SELECT RECENT CLARITY TRANSACTIONS

 <b>HAS RECEIVED INVESTMENT FROM</b>  Kimble Applications is a leading SaaS-based software company for professional services automation (PSA).	 <b>HAS BEEN SOLD TO</b>  True Clarity is a leading e-commerce and experience platform services provider.	 <b>HAS SOLD</b> HOBSONS SOLUTIONS TO  AN INVESTMENT OF HOBSON'S SOLUTIONS is a leading provider of international enrolment management solutions to universities worldwide.	 <b>HAS BEEN SOLD TO</b>  Brand Learning is a leading marketing and sales capability consultancy.	 <b>HAS BEEN SOLD TO</b>  Daily Racing Form is a leading provider of data and intelligence to the horse racing industry.	 <b>HAS RECEIVED INVESTMENT FROM</b>  MC&C is a leading independent performance media agency.
 <b>HAS BEEN SOLD TO</b>  Company85 is a leading independent IT services company focusing on data security, cloud and infrastructure services.	 <b>HAVE BEEN SOLD TO</b>  The Monkeys and Maud are leading Australian agencies.	 <b>HAS BEEN SOLD TO</b>  iForce is a leading multi-channel e-commerce fulfilment and logistics software and solutions provider.	 <b>HAS SOLD A 75% STAKE TO</b> A CONSORTIUM OF CHINESE INVESTORS LED BY  Framestore is a leading global VFX and CG content production company.	 <b>HAS SOLD</b>  Milkround is the UK's leading graduate recruitment brand.	 <b>HAS BEEN SOLD TO</b>  Pegasus is a leading UK integrated healthcare communications consultancy.
 <b>HAS SOLD</b>  TO  FCBI's TU-Automotive is the global leader in the B2B automotive technology events and information sector.	 <b>HAS BEEN SOLD TO</b>  Imago Techmedia is a leading enterprise technology trade show organiser.	 <b>HAS BEEN SOLD TO</b>  Selligent is an international SaaS platform delivering omnichannel audience engagement.	 <b>HAS SOLD</b>  TO  Briefing Media is the leading provider of business information and marketing solutions to the UK agricultural sector.	 <b>HAS SOLD A 51% STAKE TO</b>  Splendid is an award-winning user experience design and technology consultancy.	 <b>HAS BEEN SOLD TO</b>  Investis is the leading independent global provider of digital corporate communications solutions.

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