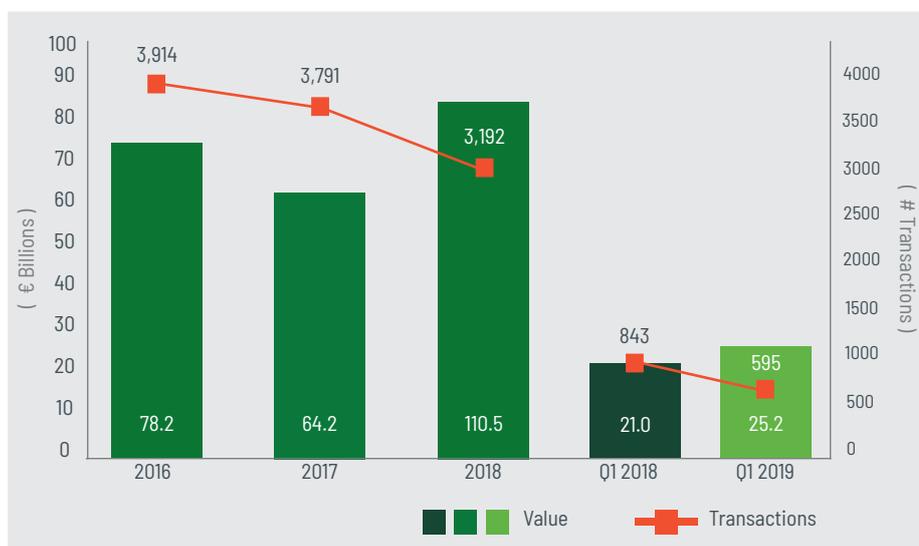


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## Q1 2019: EUROPEAN MEDIA & TECHNOLOGY M&A ACTIVITY



2019 recorded a strong start for M&A deal activity in our sectors with 595 transactions announced in Q1. Whilst we saw a 20% drop on the previous year's Q1 deal volume, deal value was up 20% with a total of €25.2 billion in the quarter, fuelled in part by 'mega-deals' including NEC's €1.4bn purchase of Danish IT services provider KMD.

The B2B, Media, Marketing and Information sector saw the largest deal of the quarter, a €5.7bn acquisition of Scout24, a public German-based Internet Software company, by Hellman & Friedman and The Blackstone Group.

Consumer media and entertainment content continues to see high levels of M&A activity and peaking valuations, reflecting the shifts in media consumption as demand for content shows no signs of slowing. Roper Technologies' €475m acquisition of Foundry is another example of this.

Whilst deal activity in Europe was down for Q1, HCM and HR Tech continue to be areas of keen focus globally with the highest profile deal this quarter being the \$11bn acquisition of Ultimate Software Group by a consortium of private equity funds led by Hellman & Friedman.

M&A Activity By Sector Q1 2018 - Q1 2019				
Sector	Q1 2018		Q1 2019	
	#Deals	Value (€m)	#Deals	Value (€m)
Consumer Media & Entertainment Content	120	3,608	83	2,125
B2B Media, Marketing and Innovation	276	5,431	164	14,077
AdTech, Martech & Ecommerce	123	3,389	74	4,493
HCM & HR Tech	71	2,033	42	1,257
Software	252	6,568	233	3,291
<b>JEGI   CLARITY Sector Total</b>	<b>842</b>	<b>21,028</b>	<b>595</b>	<b>25,244</b>

## PERSPECTIVES ON EUROPE: A VIEW FROM THE USA

Our US colleagues share their insights on how North American buyers and investors are viewing UK and European businesses as well as themes that carry across the Atlantic.

### How do North American buyers and Private Equity funds view Europe currently?

“North American buyers and PE are looking at Europe and seeing opportunity. Firstly, to bring specialist capabilities to a more generalist market and to buy businesses at less competitive valuations than can be found domestically.

Secondly, there is a need for buyers / private equity platform companies to articulate a global expansion story, there is a rush to find assets that are additive and integrate-able.”

### How is the US market viewing Brexit?

“We have noticed in the market the adoption of a wait and see approach. Whilst there is optimism that Europe and the UK will pull through with an amicable solution, buyers’ focus has shifted to looking at countries other than UK, particularly Germany, where there is more clarity and overall growth to invest, especially as it relates to expanding operations and headcount”.

### What are some of the trends you are seeing in our key sectors in the US that are relevant to Europe?

“Marketing services convergence. Though technically a Q2 deal, the Accenture/Droga5 transaction really represents the apotheosis of ‘Art + Science = Digital Experience’. We expect more M&A to come here given

the size of the Digital Experience and Digital Transformation opportunity.

In the large cap agency space, portfolio redefinition is ‘hot’. Mark Penn’s investment in MDC is meant to catalyse a re-set on the portfolio there. Publicis’ just announced \$4.9bn deal to acquire Epsilon looks a lot like IPG’s deal with Acxiom; another big bet on marketing data versus creative and ad-driven marketing services.

Events and event services are still on a tear. Buyers love the business model and the increasingly high value of face-to-face and experiential marketing in the overall mix, as an antidote to digital noise and distraction.

In the insights and analytics space, the SAP Qualtrics deal on the heels of the Survey Monkey IPO (and recovery from its post-IPO dip), has breathed new life into category. Lots of research, consulting and related tech and tools in the market at present.

Everything SaaS. Private equity funds are increasingly looking at raising tech and SaaS specific funds. They might not bite on businesses with the deep ‘traditional’ cash burn required for aggressive customer acquisition, but the market really has been educated, maybe even brainwashed, around recurring revenue models. Meanwhile, as we covered at our January Conference, growth equity is especially active investing in the next generation of SaaS platforms, many of which

“  
*North American buyers and PE are looking at Europe and seeing opportunity... there is a rush to find assets that are additive and integrate-able*”

are able to leverage ever cheaper infrastructure, and therefore greater capital efficiency, while targeting untapped opportunities, like SMB.”

### What is your outlook for the rest of 2019 from a North American Perspective?

“Whilst our data shows a decline in Q1 2019 deal count, market fundamentals remain strong, PE demand is always ON, and it looks like interest rate risk is OFF, based on these factors we think H2 2019 is going to be very active.

Likewise, with buyers continuing to look forwards into valuation multiples we are seeing a lot of interest in businesses that have high visibility on revenue, pipeline, and churn, basically anything that serves as a proof point for 2019 YoY growth. Sellers that have been able to close out Q1 with a solid view on 2019 will be very much primed to come to market in Q3-Q4 this year.”

## KEY TAKEAWAYS FROM Q1 ACTIVITY ACROSS OUR SECTORS

### CONSUMER MEDIA & ENTERTAINMENT CONTENT

Globally we continue to see high levels of M&A activity in consumer media and entertainment content, reflecting shifts in media consumption, and in turn, strategies for audience monetisation.

Entertainment content remains an area where demand for video production technology and services continues to grow. Roper Technologies' \$542 million acquisition of Foundry, a leading supplier of entertainment visual effects software, is telling, given its departure from Roper's

### ADTECH, MARTECH & ECOMMERCE

In-housing of adtech/martech and direct-to-consumer digital marketing capabilities continues to drive transactions in Q1 2019. McDonalds Corporation's c\$300m acquisition of Dynamic Yield, an AI-powered personalisation and data management platform is evidence of this.

### SOFTWARE & TECHNOLOGY

Software is still dominating transaction activity within JEGI | CLARITY sectors. Notably in the US in Q1 was SAP's acquisition of CX analytics software company Qualtrics for c\$8bn for a business which generated c \$400m in revenues in 2018. In Europe activity echoed this, with one example being Nordic Capital's acquisition of business intelligence and analytics software provider BOARD International in an estimated \$500m transaction.

### B2B MEDIA, MARKETING & INFORMATION

Q1 2019 is off to a quieter start than 2018, but some strong and sustained trends remain at work in the sector. Technology marketing (marketing by technology vendors) remains a B2B mainstay as accurate data and compelling content for targeting and engaging buyers are critical tools and therefore always an active area for M&A.

Agency and Consulting Services as a sector continues to reshape and recapitalize, driven by M&A activity especially for targets having a high degree of specialisation. Accenture continues to run the M&A tables in the rapidly converging technology consulting and marketing worlds finishing Q1 strongly by acquiring Denmark's largest independent agency Hjaltelin Stahl, a deal on which JEGI | CLARITY advised. We expect more M&A activity, as others try to keep pace.

Events and event services continue to be well received in the market. Buyers are attracted to the business model and the increasingly high value of face-to-face and experiential marketing in the overall mix, as an antidote to the increasing digital noise and distraction.

### PRIVATE EQUITY ACTIVITY

PE remains vital in M&A markets and there is a sizable and growing wall of private equity capital which needs to be deployed. Most estimates now value dry powder at over \$2 trillion globally.

Equally recent analysis shows that, particularly in the US, the private M&A market is trading at a premium to the public markets.

Take private deals have hit their highest level globally since 2006-2007, with European buyouts hitting a 12 year high of £24.2bn so far in 2019<sup>1</sup>.

### CORPORATE DISPOSALS

We are also seeing increased levels of disposals by international corporates as they take advantage of current market conditions to sell non-core assets and prep for a period of higher macro-economic uncertainty. This has been particularly prevalent in B2B media and events sector so far in 2019.

Informa PLC are on an active programme including the sale of their Life Sciences Media Brands Portfolio to MJH associates in February 2019. Similarly, Centaur Media sold their financial services division, travel and meetings (CTM), and their HR business in Q1.

## JEGI | CLARITY Q1 TRANSACTIONS

JEGI | CLARITY completed six transactions in Q1 of 2019, including three in three weeks in March, with several more deals expected in Q2 2019. The deals were across a range of our sub-sectors including marketing services, digital publishing, tech enabled services and human capital management. See more on the deals below.



Brainlabs is a leading technology-led digital marketing agency.



HjalteIn Stahl is a leading Danish multi-channel marketing agency.



GTI is the UK and Ireland's leading graduate recruitment and early careers specialist.



Mobile Nations is a leading digital publisher focused on consumer electronics and affiliate e-commerce monetization.



Blue 449 is a leading UK media agency.



RKD Group is a leading provider of omnichannel fundraising and marketing services to the non-profit

*"I am super happy we chose JEGI CLARITY to advise. Going into a process I wasn't sure what the difference or value add would be; on the other side I can confidently say that they were the difference between a good and an exceptional outcome. At the same time as driving a fantastic process, they also represented us in a way that reflected our business culture. I would recommend them in a heartbeat!"*

Daniel Gilbert  
Chief Executive Officer, Brainlabs

*"Simply put JEGI CLARITY made this deal possible. They knew that introducing us to Accenture would add significant value to both, and they were right. They knew how to get the transaction executed. More than that they guided us through with quality advice and unwavering determination to deliver the right and best possible deal."*

Steffen HjalteIn  
Founder and Partner, HjalteIn Stahl

## HEY, DID YOU SEE THIS?

### HR PATH COMPLETES €100M RAISE

April 19, 2019

The French HR tech company will utilize the raised money to fuel rapid expansion into international markets and strengthen its status as a key player in the HR field.

[Read Article](#)



### GIZMODO MEDIA AND THE ONION ACQUIRED BY GREAT HILL PARTNERS

April 8, 2019

Digital content producers Gizmodo Media and The Onion, have been acquired by Great Hill Partners from Univision Communications.

[Read Article](#)



### SEEK ACQUIRES STAKE IN FUTURE LEARN AND COURSERA

16 April, 2018

Online jobs platform SEEK, has taken a 50 percent share of FutureLearn for AUD\$92m, as well as sealing a AUD\$103 million investment in Coursera.

[Read Article](#)



## NEWS AND EVENTS

### JEGI | CLARITY MEDIA AND TECHNOLOGY CONFERENCE

As we covered earlier this year, JEGI CLARITY hosted its 15th Annual Media & Technology Conference at The Time Warner Center in New York City.

Focused on “Where to Look Next for Growth & Profit in Digital Markets”, many of the themes covered continue to be influential across our sectors including digital transformation, SaaS business models, the role of private equity in driving valuations as well as the changing nature of content consumption.

For the presentations delivered at the event please click [HERE](#).

#### SELECT CONFERENCE HIGHLIGHTS

- Boxed CEO Chieh Huang talk on direct-to-consumer disruptors
- Scott Marden, Managing Partner at CIP Capital, and Jim Owens, President & CEO of Cisive discussing partnering with private equity
- Josh Sapan, President & CEO of AMC Networks on the future of television
- Closing Keynote from Sir Martin Sorrell, Executive Chairman of S4 Capital to discuss his vision for the agency of the future



### WE LOOK FORWARD TO ATTENDING OMR AND RETAIL EXPO 2019

We look forward to attending OMR in May. Bringing together 50,000 industry professionals from the world of ad-tech and digital marketing OMR is one of Europe’s most talked about events.

Part expo, conference and festival, OMR’s two day event houses 300+ exhibitors as well as insight from industry leaders and pioneering companies.

If you are at the event and would like to arrange a meeting please contact our BD Director Jonathan Goodale via email [HERE](#).



We look forward to attending Retail Expo in May, Europe’s leading event for the retail ecosystem.

The Retail Expo Tech Zone specifically focuses on retail technology solutions, insights, innovations and more.

If you are at the event and would like to arrange a meeting please contact our BD Director Jonathan Goodale via email [HERE](#).