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## EVENTS SERVICES IN FOCUS

In this month's M&A Digest we focus on the events services sector which spans event design/creative, content development, design and fabrication, installation, digital activation as well as event logistics. We examine the key drivers of growth within this industry, what is fuelling M&A and what the next 12 months looks like for the events sector as a whole.

## WHAT'S DRIVING THE MARKET

### STRONG UNDERLYING GROWTH IN THE EVENTS MARKET

- Face-to-face channel remains critical in driving ROI through engagement and transactional activity for both B2B and B2C with a c.\$30bn market for B2B events alone
- Deepens engagement, resilience and "stickiness" with end-user communities year round – 41% of brand marketers consider event marketing to be their #1 marketing channel (up 30% year on year)

### INCREASED EVENT OUTSOURCING BY BRANDS

- Ability to produce and deliver premium, best-in-class events is vital – 82% of experiential marketers say live events are critical to their organisation's success
- With venues becoming larger and ever more complex, brands and venues are increasingly turning to service specialists to provide meaningful experiences

### INCREASING DEMAND FOR EVENT AUTOMATION

- Broader and adjacent c.\$6bn global event management software sector growing at 12% CAGR
- Focus on driving efficiency and actionable marketing and business insights out of events sector to drive down costs and improve ROI

### GROWING NEED FOR TURNKEY SOLUTIONS

- Service providers differentiating through provision of end-to-end solutions to customers vs. point solutions from multiple providers
- Brands and event organisers looking for seamless execution from production, to project management, to scaled experiential

### M&A ACTIVITY INCREASING IN EVENTS SERVICES

#### STRATEGICS UNDERGO MARKET CONSOLIDATION

Event organisers are increasingly looking to be creative and deliver better experiences and ROI for all participants. In response we have seen events service providers look to consolidate what has been historically a fragmented market. Some of the key strategics such as Freeman and Viad Corp have been highly active in recent years.

#### FREEMAN

OWNERSHIP: PRIVATE

#### VIAD

OWNERSHIP: PUBLIC MKT CAP: \$1.344bn REVENUE:\$1.3bn



Dec 2018



June 2017



Oct 2014



March 2013



July 2012



Aug 2016



Oct 2014



Sept 2014



July 2008

#### ATTRACTIVE CONDITIONS FOR PRIVATE EQUITY

Given the size of the market, the abundance of relatively cheap capital and the opportunity for 'Buy and Build' strategies, private equity remains active within the category. Examples of private equity backed platforms include Blackstone's PSAV, EMZ and Indigo backed MCI Group, and Carlyle backed NEP.



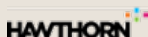
Blackstone



Oct 2018



Jan 2018



Oct 2017



April 2015



Nov 2012



Sept 2018



Aug 2017



THE CARLYLE GROUP



June 2019



Feb 2019



Dec 2018



Oct 2018

## SECTOR SPOTLIGHT: EVENTS AND EXPERIENTIAL

We interview Kathleen Thomas, Managing Director, to explore a current US perspective on the Events Services sector.

### What are the key drivers behind M&A activity in the events sector?

The market is currently very fragmented with a lot of entrepreneur owned businesses and still a lot of point solutions being offered. The M&A driver here is really creating a scaled platform, that has the ability to provide end to end solutions as opposed to point solutions across the value chain thus making the value proposition to the brand much stronger.

This covers all aspects from the design and creative at the front to the content development, the design and fabrication, installation, digital activation, and logistics. There are a lot of moving pieces and for a brand marketer and to get that all in one place, from a reliable partner is very valuable.

More broadly, events services businesses are pushing deeper into experiential to broaden their service offering, drive revenues and increase margins. We expect to see an increasing trend of quality experiential business being in strong demand from traditional events services players, as well as events marketing services businesses. We also intend to see an increasing trend of private equity rolling up in this fragmented sector into scaled end-to-end platforms.

### What is driving valuations for events and events services businesses?

Valuations range within this sector significantly depending on where in the value chain a business operates. The experiential agencies are at one end as their margins

are highest, but as you move along the production line all the way to I&D (install and dismantle) teams you can see margins tighten to maybe somewhere around 10% - higher margin companies are unsurprisingly attracting higher valuations.

In addition, customer retention and revenue reoccurrence are also critical to achieving higher valuations. As are growth rates within the underlying verticals that a business is serving, for example, businesses serving global growth sectors like Pharma are clearly attractive to buyers.

Variations in companies' CapEx profiles are also playing a part in differing valuations within the sector, for example AV and event tech rental companies tend to have higher CapEx profiles which clearly creates a different cash flow profile vs. pure-play experiential events businesses.

### How strong is private equity interest in the sector?

Private equity interest in the space is strong and we are seeing increased private equity activity currently. The main driver here is that this is a space ripe for consolidation which lends itself to the platform end to end scale benefit. There are also a lot of synergies in putting companies together in this space. Facilities can be combined in like geographies, duplicative back office can be eliminated but, most importantly, the acquired customer base can be sold a full suite of services allowing the platform to capture more share of wallet and create greater client stickiness. It's a textbook sector for private equity to execute the ever-popular buy and build strategy.

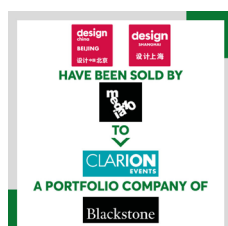
“The M&A driver here is really creating a scaled platform, that has the ability to provide end to end solutions as opposed to point solutions across the value chain thus making the value proposition to the brand much stronger.”

### Looking forward over the next 12 months, what are your predictions for the events services sector from an M&A perspective?

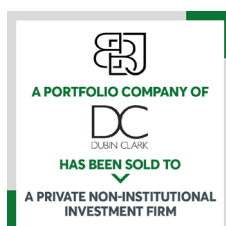
I believe we will see a continuation and acceleration of market consolidation - as there are real benefits to scale in this market. The only reason I think we are currently not seeing as much consolidation as would be possible is that the market more broadly is concerned about the wider economic cycle and there is a tendency to view events businesses as cyclical. The Great Recession did impact the sector but, today, there is significantly more marketing spend going into this channel - away from digital and other channels - than there was 10 years ago. It is a far more important channel to marketers' key demographics and target audiences in most vertical markets. Therefore, we expect to see activity in this sector accelerate.

## JEGI CLARITY EVENTS EXPERIENCE

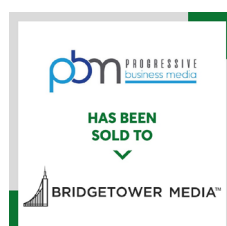
JEGI | CLARITY are leaders in these specialty Events and Event Services M&A marketplace having completed 12 transactions in the last 2 years and over 70 since 2008. See our last 2 years' transactions below.



Design Shanghai and Design China Beijing are Asia's premier design events business based in Shanghai.



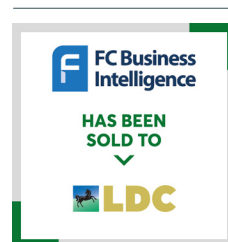
BBJ is a leading provider of special event products and services.



PBM is a leading business media and communications serving the home furnishings and gift industries.



FMAV is a leading audiovisual and live event production company.



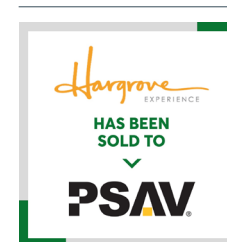
FC Business Intelligence is a leading B2B events and information business.



IABH is a leading provider of education for front-line clinicians, treatment centre executives and healthcare professionals.



Pennwell is a leading integrated B2B events and information company serving the energy, safety, technology and healthcare sectors.



Hargrove is a leading experiential events and exhibitions production company.



Connecting point is a leading organiser of senior executive level, highly-curated hosted buyer events.



Wyndham Jade is a leading event technology and travel management company.



Allied PRA is the largest destination management company in the U.S.



MFV is a leading global event organiser for the franchise industry.

*"JEGI CLARITY was the logical choice to advise us – they have a long-term relationship with Media 10 and have always been empathetic to our needs and concerns as entrepreneur. Crucially, they know the senior decision makers at all the prospective buyers leading to a very effective and competitive process. The Media 10 shareholders are delighted with the outcome."*

**Lee Newton**  
Chief Executive Officer, Media 10

## NEWS AND EVENTS

JEGI | CLARITY attended the Cannes Lions Festival in June. In its 66th year, the Festival drew the usual list of leaders and innovators in the advertising world alongside celebrities and technology players.

Notable Grand Prix winners this year included: UM Studios (IPG), FCB New York, Google, McCann and Droga 5.



### KEY THEMES EXPLORED

- Brands in culture
- Re-imagining storytelling
- Proving the value of creativity
- Embracing inclusion, equality & diversity
- Future-proofing creative organisations
- Winning in the digital economy
- Creative strategy & how to reach the reluctant consumer
- The new rules on brand purpose
- Creating exceptional consumer experience
- Trust, ethics & transparency

### TAKE-AWAYS

- Traditional TV players were more visible at the festival this year with the likes of NBCUniversal, WarnerMedia, Comcast and RTL all spending marketing money to be on show. There was much discussion on how to 'fight back' against the proliferation of digital platforms.
- Regulation remained a key talking point particularly from technology and data reliant businesses.
- Activism was another topic on people's minds this year and the importance of being authentic as a brand for an increasingly sophisticated audience.

### SELECT SPEAKERS

- Brian Whipple, CEO Accenture Interactive
- David Droga, Creative Chairman, Droga 5
- Terence Chu, CEO & Founder Apax Group
- Mark Read, CEO, WPP
- Sheryl Sandberg, COO, Facebook
- Sir Martin Sorrell, Chairman, S4 Capital





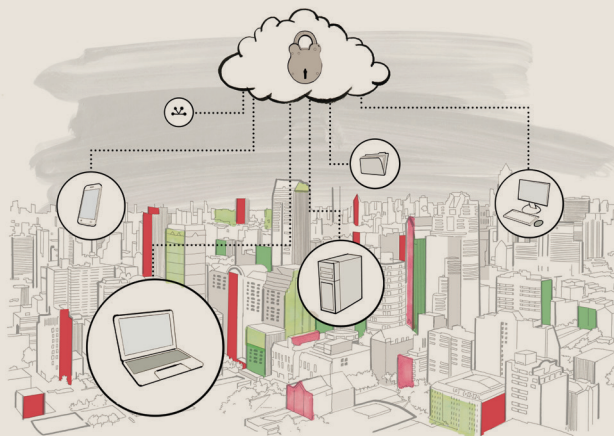
## HEY, DID YOU SEE THIS?

### **MATILLION RAISES \$35 MILLION IN SERIES C ROUND**

June 4, 2019

Matillion, the leading provider of data transformation software for cloud data warehouses (CDWs), today announced a \$35 million round of funding.

[Read Article](#)



### **ACCENTURE SPLASHES \$20M ON DEFENCE FIRM**

Jun 26, 2019

Accenture has purchased a boutique military consultancy staffed with dozens of security-cleared veterans as the consulting firm looks to win more lucrative work from the Department of Defence.

[Read Article](#)

### **MEDIAMONKS-BIZTECH MERGER SEES S4 EXTEND AUSTRALIAN REACH**

June 21 2019

S4 Capital, the digital advertising and marketing services upstart, has confirmed that its global content arm MediaMonks has conditionally agreed to a merger with marketing and customer experience specialists BizTech.

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