



PRIVATE EQUITY INDUSTRY

Financially Sponsored Transactions within the Information Industry

FULL YEAR 2016 :: Mergers and Acquisitions Trend Report

2016 KEY HIGHLIGHTS

- The industry's two largest transactions in 2016 each occurred in the Entertainment vertical. This consisted of a Chinese consortium's announced acquisition of Playtika, a social and mobile games company based in Israel, for \$4.4 billion; and IMG Worldwide's acquisition of Ultimate Fighting Championship, a professional mixed martial arts organization, for \$4 billion.
- Six of the overall Healthcare vertical's top ten highest value deals during the year were backed by financial sponsors. The largest private equity backed Healthcare IT deal in 2016 was GI Partners' acquisition of Netsmart Technologies, a provider of electronic health records, patient management, billing and other solutions, which was acquired in a joint venture with Allscripts, for \$950 million.

2016 KEY TRENDS

- Total transaction volume in 2016 saw a slight uptick over 2015, from 629 to 638.
- Total transaction value in 2016 remained about constant over 2015, from \$65.41 billion to \$64.67 billion. Of note, each of the top five and eight of the top ten highest value deals in 2016 occurred during the second half of the year.
- The median revenue multiple declined from 2.3x in 2015 to 2.0x in 2016. The median EBITDA multiple fell from 13.2x in 2015 to 10.9x in 2016.

M&A MARKET OVERVIEW

Berkery Noyes tracked 1,820 private equity transactions in the Information Industry between 2014 and 2016, of which 338 disclosed financial terms, and calculated the aggregate value to be \$139.15 billion. Based on known transaction values, we project values of 1,482 undisclosed transactions to be \$44.20 billion, totaling \$183.35 billion worth of transactions tracked over the past three years.

Disclosed median enterprise value multiples for all segments combined in this report during the last 36 months were 2.0x revenue and 11.2x EBITDA.

M&A Market Dynamics

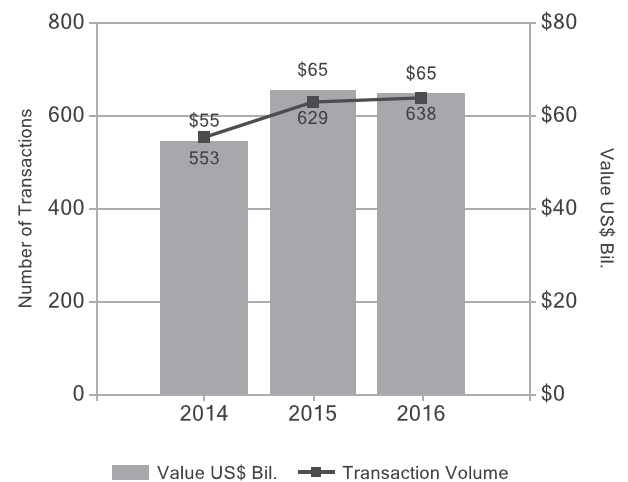


Figure 1. 2014-2016 value and volume comparison.

Median Enterprise Value Multiples

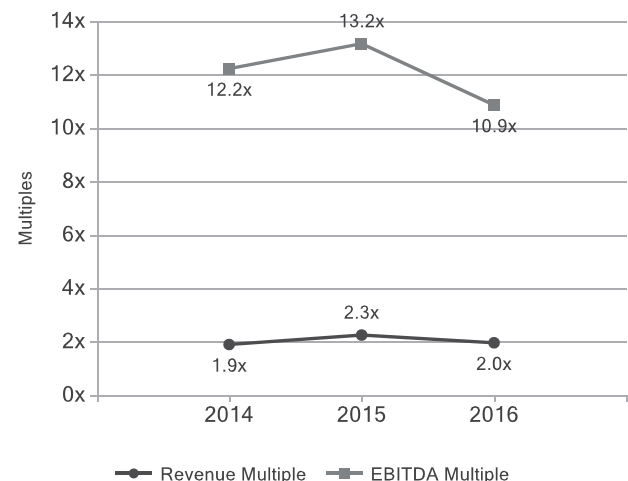


Figure 2. 2014-2016 median revenue and EBITDA comparison.

Transaction Analysis :: January 1, 2016 – December 31, 2016

Bell Curve - Histogram

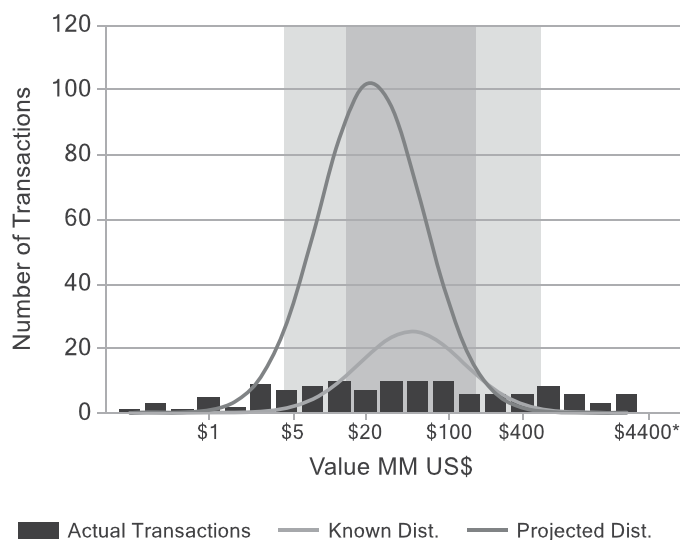


Figure 3. Shows distribution of private equity transactions in the Information Industry based on publicly available information and Berkery Noyes estimates. Using a logarithmic scale, we determined that nearly one-third of companies purchased had transaction values of \$12.2 million to \$148.4 million. Based on this data, we estimate the total transaction value of deals done in 2016 at \$64.7 billion.

* Indicates largest transaction in the industry from Jan. 1, 2016 to Dec. 31, 2016.

Distribution Table

Value in MM US\$	Known Number	Projected Number	Total Number	%	Cumulative %
\$0.2	1	0	1	1 %	1 %
\$0.4	3	0	3	2 %	3 %
\$0.6	1	0	1	1 %	4 %
\$1.0	5	1	5	4 %	8 %
\$1.6	2	3	5	2 %	10 %
\$2.7	9	11	19	7 %	17 %
\$4.5	7	28	34	6 %	22 %
\$7.4	8	55	63	6 %	29 %
\$12.2	10	85	94	8 %	37 %
\$20.1	7	102	108	6 %	42 %
\$33.1	10	95	104	8 %	50 %
\$54.6	10	69	78	8 %	58 %
\$90.0	10	39	48	8 %	66 %
\$148.4	6	17	23	5 %	71 %
\$244.7	6	6	11	5 %	75 %
\$403.4	6	2	7	5 %	80 %
\$665.1	8	0	8	6 %	87 %
\$1,096.6	6	0	6	5 %	91 %
\$1,808.0	3	0	3	2 %	94 %
\$2,981.0	6	0	6	5 %	98 %
Total #	126	512	638		
Total \$ Value	\$53,173	\$11,497	\$64,670		
Middle 3rd of Industry		Middle 2/3rds of Industry			

Figure 4. Presents the data depicted in the bell curve histogram. **Note:** The projected number column is rounded and may produce insignificant errors in the total sum.

M&A Dynamics by Acquirer Type :: January 1, 2016 – December 31, 2016

M&A Dynamics by Transaction Type and Industry

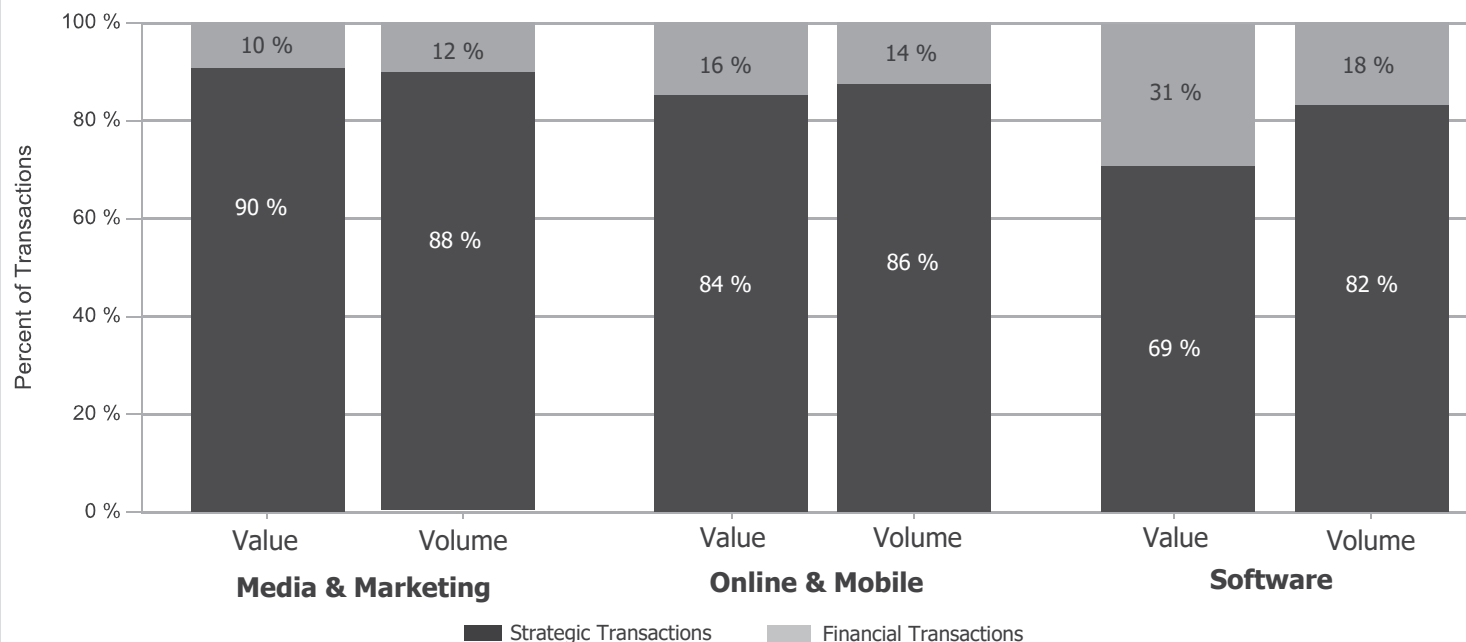


Figure 5. Presents the transaction volume by target segment for private equity transactions in the Information Industry.

Note: Financially sponsored transactions include private equity backed strategic acquisitions.

Purchaser Analysis

Top Ten Notable Transactions 2016

Deal Date	Target Name	Buyer	Value MM US\$
07/30/16	Playtika Ltd.	Yunfeng Capital, Giant Interactive Group	\$4,400
07/11/16	Ultimate Fighting Championship	IMG Worldwide, Inc.	\$4,000
07/11/16	Thomson Reuters Intellectual Property & Science	Onex Corporation, Baring Private Equity Asia	\$3,550
07/05/16	Epicor Software Corporation	Kohlberg Kravis Roberts & Co.	\$3,300
10/14/16	Allegro Group Sp. Ltd.	Cinven, Permira, Mid Europa Partners LLP	\$3,253
12/14/16	NeuStar, Inc.	Golden Gate Capital	\$2,859
06/02/16	Qlik Technologies, Inc.	Thoma Bravo, LLC	\$2,577
08/09/16	Press Ganey Associates, Inc.	EQT	\$2,370
05/31/16	Marketo, Inc.	Vista Equity Partners	\$1,628
09/07/16	McAfee, Inc.	TPG Capital	N/A
2016 Aggregate Transaction Value			\$64,670
Top 9 Aggregate Transaction Value			\$27,937
Top 9 Aggregate Value as a Percentage of All Transactions			43 %

Figure 6. Lists the top ten transactions for 2016 and calculates their aggregate transaction value as a percentage of the 2016 total aggregate transaction value as shown on Figure 1 & 4.

Note: Transaction data based on **announced date**. Deal value represents total consideration paid by the acquirer.

Median EV/Revenue Multiples By Size

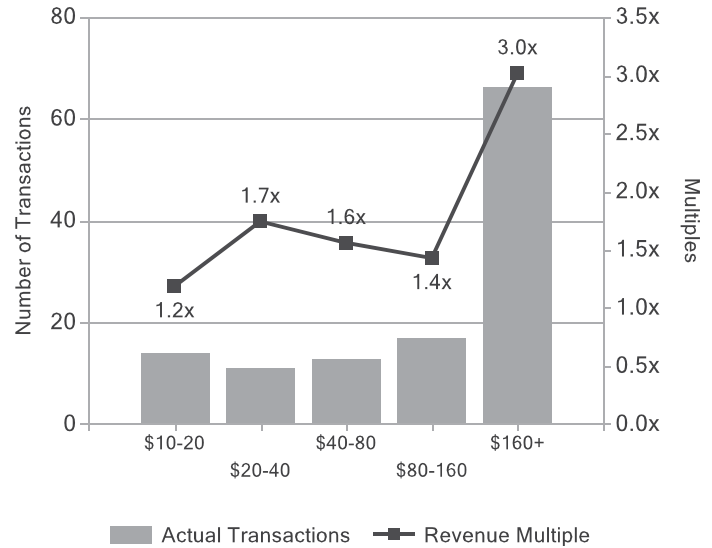


Figure 7. Presents the median enterprise value/revenue multiples paid for private equity transactions in the Information Industry from Jan. 1, 2014 to Dec. 31, 2016 based on publicly available sales price and revenue data.

Transactions Involving an Online Component

Transaction Percentages of Online Targets

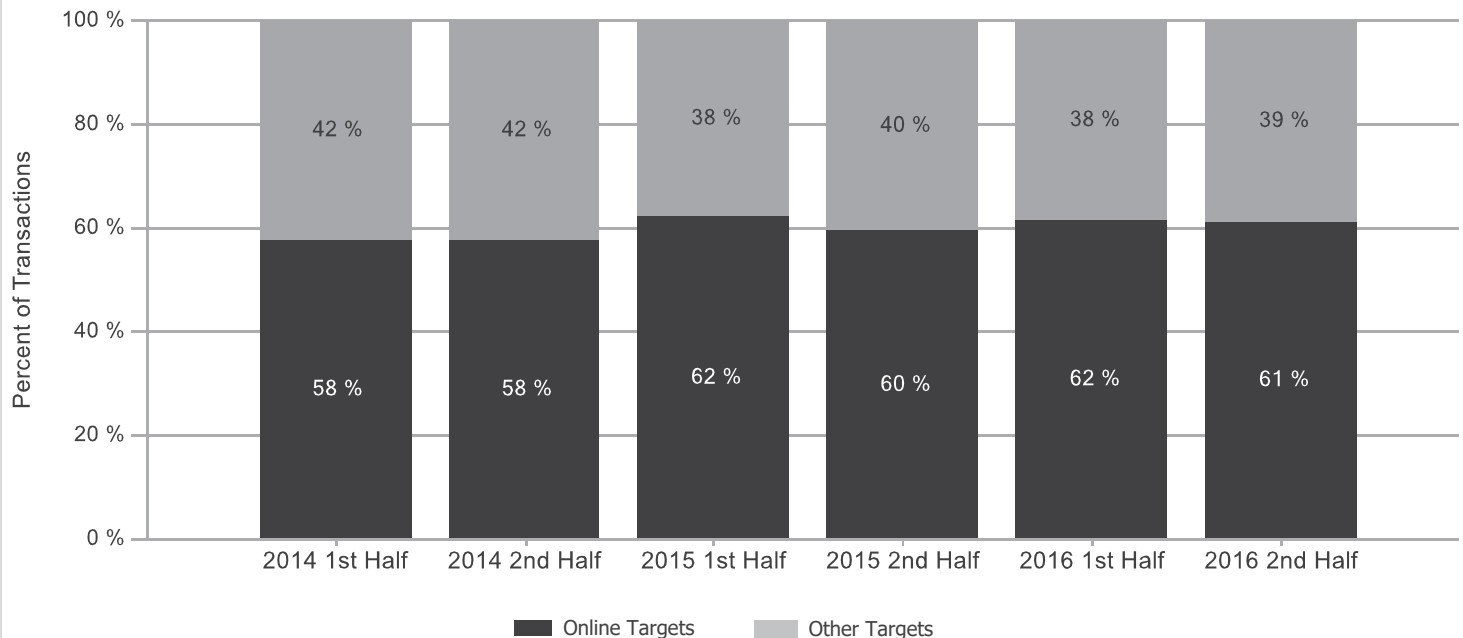


Figure 8. Percentage of total Information Industry transactions where the target company conducts the majority of their business online. The total percentages are measured by Half Year from 2014-2016.

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All charts in this report are based on data gathered by Berkery Noyes' research department. All time period statistics are based on the transaction announcement date. The information contained herein is of a general nature and is not intended to address the circumstances of any particular company, individual, or entity. There can be no guarantee that such information is accurate.

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