

KROLL

North American
Marketing and Media

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M&A Industry Insights

Summer 2023



Executive Summary

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**Marketing and Media M&A Activity
Holding Strong into 2023**



**Strategic Buyers Continue to Dominate
Marketing and Media Acquisition Activity**



**Investor Appetite Driven by Vertical
Depth and Performance Marketing Models**



**Digital Platforms with Demonstrated
Client ROI Flourish Despite Market Noise**

M&A Activity Highlights

Overview

- M&A activity in the North American marketing and media services sectors rebounded strongly in 2021 and continued at elevated levels through Q1 2023, with 247 deals completed over the last 12 months (LTM).
- 2023 is off to a strong start, with 71 deals completed in Q1 2023, the second-highest quarterly volume since the onset of the COVID-19 pandemic.
- Despite disruption and consolidation among the larger media platforms, buyer interest in the sector has remained remarkably strong among both strategic and financial buyers.
- Given the inherent value of acquiring complementary skillsets and channels, strategic buyers have historically dominated the sector, representing 70%+ of the transaction volume since the start of 2020.
- However, Q1 2023 saw heightened interest from financial buyers, representing 35% of all transactions, as private equity's understanding and interest has accelerated within embedded vertically focused B2B platforms as well as B2C performance marketing models.

247

247 North American marketing and media industry M&A transactions have been reported as of LTM Mar-23

65%

65% of transactions were completed by strategic buyers during the LTM Mar-2023 period

36%

Of the 247 transactions announced in LTM Mar-23, 36% were in the digital marketing and media sectors

64%

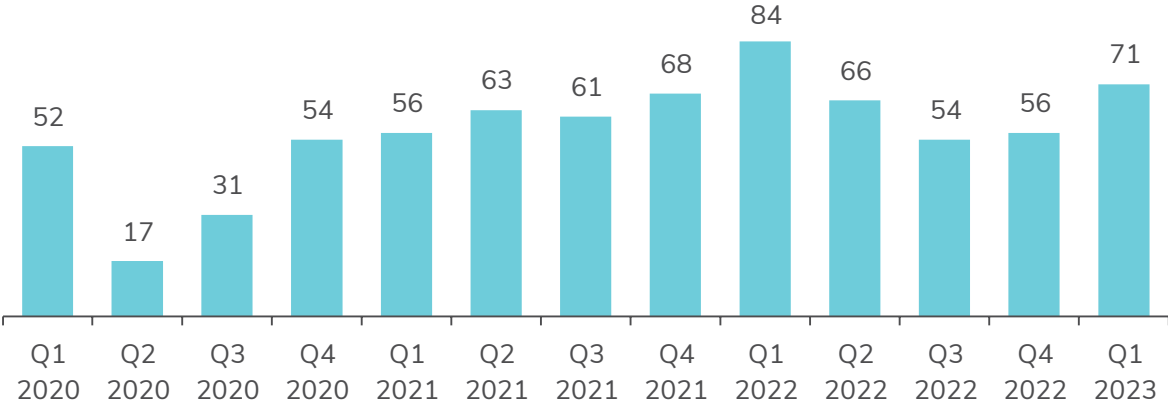
Of the 247 transactions announced in LTM Mar-23, 42% were diversified marketing and media transactions

M&A Activity

Industry Transaction Trends

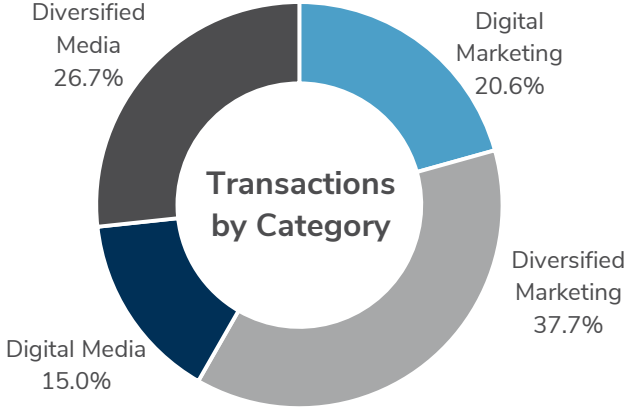
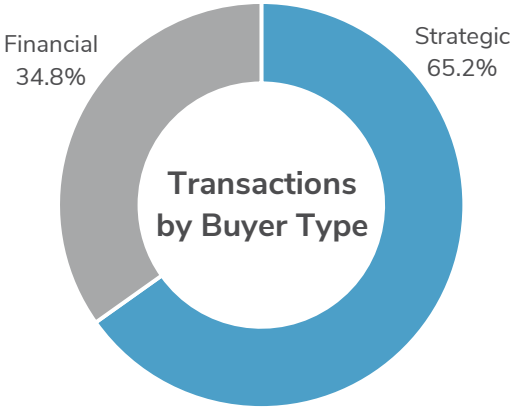
North American Marketing and Media Transaction Volume

- M&A activity in the sector rebounded sharply post-pandemic and has **remained at elevated levels**.
- Despite rising interest rates and recession risks, **transaction volumes in the marketing and media sector grew another 4% in 2022** after an exceptionally strong first half of the year.
- With the **strong growth trajectory** continuing in 2023, M&A activity in the sector is expected to remain robust through the end of 2023, excluding any significant market shocks.



Transaction Detail for the LTM Ending March 2023

- **Strategic acquirers represented over 65%** of buyers across all transactions.
- Most sector transactions were in the **diversified marketing category, representing 38% of all deals**, followed by diversified media.



Notable Mid-Market Transactions Reflect Key Themes

Consolidation in Media

- Through acquisition, established and diversified platforms leverage their larger delivery infrastructure to create economies of scale while acquiring complementary audiences.
- The trend toward further centralization of content production and distribution is expected to continue.


Heightened Vertical Focus

- Buyers are attracted to platforms with depth in targeted verticals where specific end market expertise makes for more relevant and effective user experiences.
- This is especially prevalent in consumer enthusiast verticals as well as regulated B2B environments like health care and pharma.

February 2022

The New York Times

has acquired



THE ATHLETIC

EV: \$550M

Sports news platform

April 2022

FOX

has acquired



tubi

EV: \$440M

Ad-supported streaming service

February 2022

Jockey
OUTDOOR MEDIA

has acquired



Outside

KROLL
advised transaction

Outdoor lifestyle media platform

August 2022

GoDIGITAL
MEDIA GROUP

has acquired



NGL
Collective

KROLL
advised transaction

Latinx-focused digital media

February 2023

PENN NATIONAL
GAMING, INC.

has acquired



BARSTOOL SPORTS

EV: \$606M

Sports-focused social content

September 2022

informa

has acquired



INDUSTRY DIVE

a portfolio company of



FALCURRIAS CAPITAL

EV: \$525M

B2B publications and digital media

Notable Mid-Market Transactions Reflect Key Themes

Deeper Channel Focus

- There has recently been stronger activity for agency and media platforms with deeper penetration in higher growth channels.
- Social, affiliate and connected TV all represent high growth channels which require unique skill sets to drive success.

Performance Marketing Models

- Relative to traditional pricing models based on hours worked or project delivery, performance-driven revenue models allow agencies to more effectively demonstrate to clients the value they are creating, enhancing retention and growth.

September 2021

COMVEST PARTNERS

has acquired

gen3 MARKETING

KROLL
advised transaction

Affiliate marketing agency

September 2022

blue ant media

has acquired

MEDIA PULSE

Connected TV marketplace

March 2023

VMLY&R

has acquired

obviously

Influencer marketing agency

March 2022

TMG: TROIKA MEDIA GROUP

has acquired

CONVERGE

EV: \$125M

Direct response media

October 2022

LIGHTVIEW CAPITAL™

has acquired

PlusMedia

Performance-based D2C media

December 2022

GAUGE CAPITAL

has acquired


ec exact customer
powered by Convergence

Lead management for home services markets


Kroll Qualifications and Contacts

Select Kroll Marketing and Media Experience

Sell Side Advisor



has been acquired by



Media Sales Technology

Sell Side Advisor



has been acquired by



Latinx-Focused Digital Media

Sell Side Advisor




has been acquired by




Outdoor Lifestyle Media Platform

Buy Side Advisor



has acquired



Affiliate Marketing Agency

Sell Side Advisor




has been acquired by




Broadcast Design Architect

Sell Side Advisor



has been acquired by



Consumer Review-Focused Digital Media Portfolio

Sell Side Advisor




has received a majority investment led by



Consumer Intelligence Platform

Sell Side Advisor



has been acquired by



Marketing Automation for Restaurants

Sell Side Advisor




has been acquired by




Financial Services-Focused Direct Marketing Agency

Sell Side Advisor



has been acquired by



1:1 Customer Engagement Platform



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