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SECTOR SNAPSHOT



UK MARKETING COMMUNICATIONS M&A ACTIVITY AND VALUATIONS FOR 2017

Marketing Communications M&A steady in the face of fast approaching Brexit

Market activity in the sector began strongly with 64 deals completed in H1, a continuation of strong results seen in 2016 of over 60 deals each half. The second half of 2017 has seen a slightly reduced volume, with 52 deals completed. There were some notable transactions through 2017, including Germany's Hubert Burda purchase of Immediate Media for £270m. The number of international buyers also fell, although only from the high level seen in 2016, with the sector continuing to be an

attractive proposition for both financial and trade buyers overseas, due to the internationality of the UK market and the sectors obvious growth prospects, even in the face of Brexit.

Printing and Publishing Continues Positively

The sector has remained strong in the face of overwhelming digitalisation, and has seen a resurgence in deal volumes, alongside a rising interest in print media consumption. The sector saw growth in deals from 15 to 20 in the face of an overall fall in market volumes.

Throughout 2017 there has been a particular interest in trade and business to business publications, with investors viewing these print media brands as strong investment prospects even in the face of falling newspaper circulation.

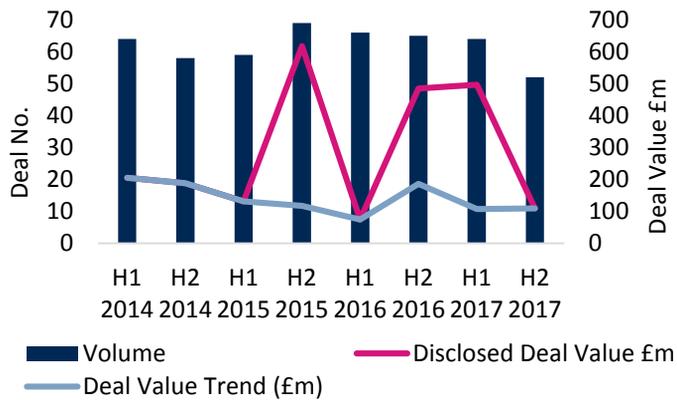
The purchase of Law Business research, whose 8 brands cover a breadth of legal topics, and MoneyWeek the financial and investment magazine, by US based private equity Levine Leichtman Capital Partners and Dennis Publishing respectively, shows strength and confidence in the professionals magazine market.

The largest acquisition of 2017 was the purchase of Immediate Media, the special interest content platform, by Hubert Burda Media, the German international media corporate. Followed by InfoPro's £120m deal for Incisive media's Insights division, the financial services focussed B2B publications producer. Both these deals demonstrate the print and publishing sector is alive and well, especially in the B2B and niche consumer market.

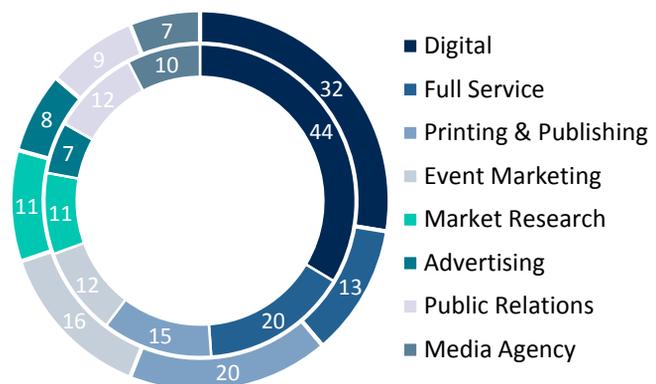
Marcoms M&A Activity Positive Through 2017

2017 saw 116 deals completed in the sector, down from 131 in 2016, with volumes affected by a fall in digital and full service acquisitions, compared to other sub-sectors seeing steady volumes and even growth. There has also been a consistent underlying level of transaction value, with around £100-200m per half when larger infrequent deals are excluded.

Completed Marketing Communication Deals



No. of Marketing Communications Deals by Sub-Sector – 2016 & 2017



Hubert Burda Media
Have acquired
IMMEDIATE MEDIA Co
For 270m GBP

INFOPRO digital
Have acquired
incisive media
Insight Division
For 120m GBP

Dennis
Have acquired
MONEYWEEK
The UK's best-selling financial magazine
For Undisclosed value

Digital & Full Service See Drop Off In Activity

The digital and full service segments have seen a fall in M&A volumes in 2017 compared to 2016, this is an unexpected drop in what can be considered the largest and increasingly most important segments of the Marcoms market as printing and publishing makes way for increasingly digital content.

However, there has been a sustained level of small to medium sized deals throughout 2017, with large listed marcoms groups buying up smaller digital and full service business in the under £50m region.

Digital firms have seen the biggest fall in deal volumes with a drop from 44 to 32, however, there have been a number of notable deals in this space as larger marketing and advertising firms continue to consolidate the market. Notable acquisitions include Huntsworth's acquisition of the Creative Engagement Group for £24.7m, highlighting the demand for mid market digitally focussed marketing companies in the current M&A market.

A stand out acquirer in the digital and full service space is Next15 Communications, with the listed group acquiring 6 firms in the sector since 2015, including the Brandwidth Group in February 2018 for £10.2m, spending over £35m in total. Next15's focus on digital marketing brands demonstrates its confidence in future sector growth and development.

Niche Segments See Growing Interest

Market Research and Event Marketing have seen a significant rise in deal volumes from 2016 to 2017, compared to a backdrop of falling deal volumes in the market overall.

The growing interest in the market research segment seems linked to the increasing use of data analytics in producing effective and targeted marketing campaigns, with large marketing or business analytics firms buying specialist market research businesses to bolster their offering in a competitive and digitally driven market.

Event marketing is also seeing increasing consolidation, with both private equity and strategic buyers involved in the segment, with a stand out deal being the acquisition of Clarion events, the international events organiser, by Blackstone the US based private equity and asset management giant.



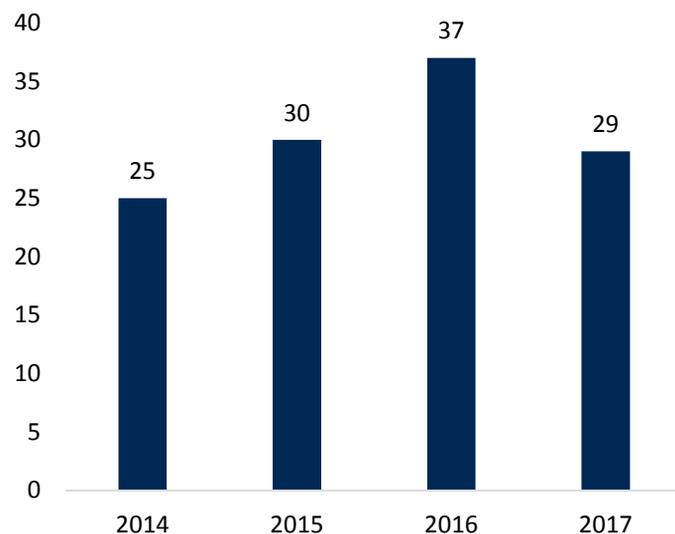
The full service segment saw an equally dramatic fall in deal volumes in comparison to 2016 with a drop by 35%, 7 deals, however similar to the digital segment, the market has seen a number of large or important deals that demonstrate the market is still buoyant and interest in the segment is ongoing.

The acquisition of The Corner, a full service agency, by AIM listed BE Heard Group for £12.7m, was the main deal for the sub-sector for 2017, however there have been a number of undisclosed or smaller deals involving other large listed agencies, with both WPP and Next15 making purchases, demonstrating full service firms are still relevant in today's market.



International Activity Remains Strong

Number of International Acquirers



Whilst international activity dipped slightly from the highs of 2016, the current level of overseas involvement in the UK Marcoms market is extremely positive, especially in the face of uncertainty in the wider UK economy.

US parties represent the bulk of overseas buyers, with European involvement lower than expected, possibly due to the language barriers which aren't seen in US-UK operations, particularly important in such a language driven industry.

Private Equity and Financial Buyer Activity Steady Through 2017

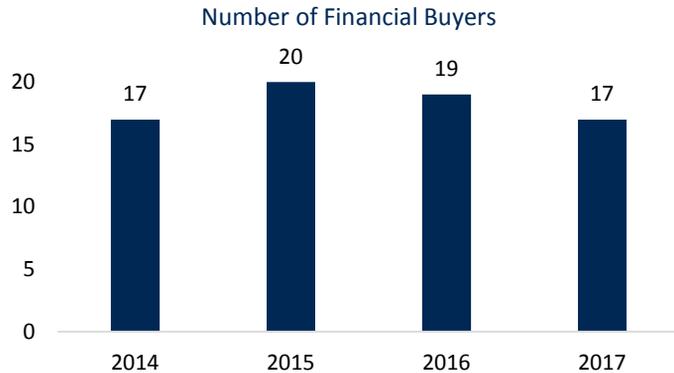
Private equity activity in the sector alongside general activity by financial buyers in the sector has been positive. Both UK and US investors demonstrated interest in the Marcoms market during 2017 with three US private finance backed deals highlighting the close connection of the two countries markets.

Ridgeway's investment in Caspian Media, the digital and print B2B content creation agency, demonstrates UK SME private equity investors have confidence in small players, and their ability to disrupt a sector dominated by large multinationals, particularly in the digital services sphere.

Another key private equity deal for the sector was the acquisition of Inspired Thinking Group by Equistone partners, the international mid market private equity investor. ITG are a specialist technology marketing agency, with a focus on digital platforms and data driven targeting.

Overseas activity included the sale of Forward 3D, the digital search and display campaign marketer, to The Stagwell Group, a Washington based pure marketing services investor whose portfolio spans across the Atlantic.

 <p>Have acquired</p>  <p>For Undisclosed value</p>	 <p>Have acquired</p>  <p>For Undisclosed value</p>	 <p>Have acquired</p>  <p>For Undisclosed value</p>
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Orbis Assist Palmer Hargreaves On The Acquisition Trail



Secured GBP 4m funding from



Orbis Partners worked with Palmer Hargreaves to successfully raise £4 million from the Business Growth Fund in order to fund its acquisition driven growth plans.

Palmer Hargreaves is a full-service integrated marketing communications agency with offices in the UK, Germany and Russia. The Company focuses on large organisations with complex marketing needs and multi-cultural requirements. Their impressive blue chip client list includes; Ford, Bayer, Mercedes Benz, Deutsche Telecom, Jaguar Land Rover, Audi, Continental Tyres and BMW.

Following the acquisition of PR Partner, Palmer Hargreaves also has an office in Germany which specialises in IT and telecommunications industries with a team of 25 across offices in Cologne and Berlin.

Orbis/Clairfield Transactions



Sold an 80% stake to



Clairfield International advised Firmen ABC



Sold a majority stake to



Clairfield International advised reality bytes

About Orbis/Clairfield

Orbis is a mid-market corporate finance boutique advising on a wide range of M&A transactions covering the business services sector in addition to technology, media & telecoms, food and consumer, industrials and healthcare. Orbis also has an active investment portfolio held through its investment vehicle Intrinsic Equity.

If you are considering your strategic options for enhancing the value of your business or your client's business, please contact either Gary or Simon.

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Orbis Partners specialises in mergers and acquisitions, MBOs & MBIs, development capital and fundraising. The team at Orbis have created a unique corporate finance business model that combines their experiences investing as principal, together with advising clients on both buying and selling businesses.

Orbis is the UK partner for Clairfield International, a global investment bank, offering clients access to over 400 corporate finance professionals situated in over 40 offices across the globe.

Orbis Partners : Services

A complete range of M&A services providing a wealth of experience to our clients

- Company Sales**
 - Extensive mid market M&A expertise and experience across the team.
 - International reach - 23 countries and growing.
 - Over 90% of all sale mandate transactions involve an overseas party.

- Corporate Acquisitions**
 - Listed and private clients.
 - Research and origination - internal research team and tools.
 - Strategic and financial assessment.
 - Deal management.

- Acquisition Support & Due Diligence**
 - Acquisition Support - providing full management service to companies and investors looking to make acquisitions and strategic alliances.
 - Due Diligence - providing experienced and informed advice to support acquisitions, lends and investments.
 - Extensive experience within the UK and of international transactions.

- Management Buy Out**
 - Deal leadership and fund raising.
 - Align interests with management team.
 - Co-investors on 15 deals.

- Development Capital**
 - Supporting existing business to fund development.
 - Supportive investor bringing focus on value creation.
 - Co-investors for three deals.

- Restructuring**
 - Turnaround and profit improvement credentials.
 - Lead the team through uncertainty and develop game plan.
 - Co-investors and principal.

Orbis Partners : Sectors

Experience across a range of sectors

Business Services	Food & Beverage	Industrial	Healthcare	Technology, Media and Telecoms	Consumer & Retail