

Generation Equity Advisors Digital Media/Internet M&A Update - Q2 2010

Recent and Selected Announced M&A Transactions:

Date Announced	Seller	Buyer	Transaction EV; Revenue Multiple
June 24, 2010	Alloy	ZelnickMedia	EV: \$126.5 million; Revenue Multiple: NA
<p>An investor group led by ZelnickMedia announced that it will acquire Alloy, a youth-focused ad network and entertainment producer, in a deal valued at \$126.5 million.</p> <p>The purchase price of \$9.80 per share represents a premium of 27% over Alloy's recent average share price. Members of Alloy's senior management will also invest in the transaction in conjunction with ZelnickMedia. The investors said that they "aim to build Alloy into a leading entertainment and media brand for the millennial generation (ages 10-29), noting that the company's entertainment unit has produced hits such as Gossip Girl," "The Vampire Diaries" and "The Sisterhood of the Traveling Pants."</p> <p>Alloy's ad network attracts a total monthly audience of 51 million unique visitors. Oxygen Network founder Geraldine Laybourne will serve as chairman of the company, while Alloy's co-founders, Matt Diamond and Jim Johnson, will continue to run the company as CEO and COO, respectively.</p>			
June 24, 2010	Melodeo	HP	EV: \$30m - \$35m; Revenue Multiple: NA
<p>HP (NYSE: HPQ) has paid between \$30 million and \$35 million to acquire Melodeo, operator of the nuTsie mobile music streaming service. Seattle-based Melodeo had raised \$7.9 million in venture capital financing to date, from investors including Ignition Partners and Voyager Capital. Melodeo's nuTsie service is currently available for Windows, BlackBerry and Android smartphones, but not on Apple's iPhone. The company's products also include Effin Genius, an app that scans a user's iTunes library and generates playlists that includes songs not in the user's collection.</p>			
June 21, 2010	Hydra Group	Adknowledge	EV: NA; Revenue Multiple: NA
<p>Online ad network Adknowledge announced on Monday that it has acquired Hydra Group, the operator of a premium cost-per-acquisition performance marketing network. Financial terms of the deal were not disclosed. Adknowledge currently handles over 6,500 advertiser campaigns. The company said the acquisition will give advertisers using its Bidsystem.com platform access to some 14,000 Hydra affiliates.</p>			
June 17, 2010	Bebo (AOL)	Criterion Capital Partners	EV: \$5 to \$10 million; Revenue Multiple: NA
<p>In another divestiture by AOL, Criterion Capital Partners, a merchant banking and financial advisory firm, acquired Bebo, the youth-centric social media network. Criterion's investment will help Bebo strengthen its foothold within the highly competitive social networking arena. Bebo launched in 2005 and was acquired by AOL in March 2008 for \$850 million; however, since then Bebo has lost traffic.</p>			
June 14, 2010	ArtistData	SonicBids	EV: NA; Revenue Multiple: NA
<p>Sonicbids, a service that helps bands book live gigs, announced on Monday that it has acquired ArtistData, an online publishing platform for musicians. Financial terms of the deal were not disclosed. ArtistData counts over 25,000 independent and signed musician users of its service, which offers a central dashboard where they can enter gig-related information and have it published across the Web. Founded in 2001, Sonicbids says more than 245,000 acts are using its service to manage electronic press kits and book gigs around the world. The company plans to integrate ArtistData's functionality into its own offering by the end of the year.</p>			
June 2, 2010	Invite Media	Google	EV: \$70 million; Revenue Multiple: NA
<p>One of many transactions this quarter by Google, the Internet giant acquired Invite Media, a provider of technology that enables advertisers and agencies to use "real time bidding" to buy display ad space and optimize display ad campaigns. Google has been investing significantly in the display advertising market, and is developing tools that help publishers and advertisers take advantage of the display advertising market. The real-time bidding technology provided by Invite Media enables advertisers and agencies to tailor their bids on an impression-by-impression basis, based on their own data.</p>			
May 21, 2010	Buy.com	Rakuten	EV: \$250 million
<p>Online retail site Buy.com has been sold to Japanese e-tailer Rakuten by private equity firm Clearlake Capital Group for \$250 million. Founded in 1997, Buy.com went public in 2000, and now counts 14 million customers. Rakuten operates Japan's largest Internet shopping mall, offering over 50 million products from 33,000 merchants. The company plans to expand its online retail marketplace into North America and Europe.</p>			

The two companies' combined services will offer more than 60 million products from 35,000 merchants around the globe.

May 18, 2010	GIPS	Google	EV: \$68.2 million; Revenue Multiple: NA
	<p>Google (NASDAQ: GOOG) announced on Tuesday that it has agreed to acquire Global IP Solutions (GIPS), a Norway-based developer of VoIP and video conference technology, in a deal valued at \$68.2 million.</p> <p>The acquisition price represents a premium of 27.5% over GIPS's most recent share price.</p> <p>GIPS customers include Nortel, Oracle, Samsun, Yahoo and AOL.</p> <p>GIPS's technology provides high quality, real-time audio and video over an IP network, and we're looking forward to working with the GIPS team at Google to continue innovating for the Web platform.</p>		
May 4, 2010	GlanceGuide	The Nielsen Company	EV: NA; Revenue Multiple: NA
	<p>The Nielsen Company, a global information and media company, acquired GlanceGuide, a video analytics and technology company based in Palo Alto, CA. GlanceGuide's advanced analytics capabilities are now integrated into Nielsen's online video measurement tools to deliver more actionable daily insights to media publishers, agencies and advertisers. The acquisition enables Nielsen to provide its clients with new and critical business intelligence by providing better analysis of who is watching online video each day, and how consumers interact with online video content and advertising.</p>		
April 28, 2010	ICQ	Digital Sky Technologies, Ltd.	EV: \$187.5 million; Revenue Multiple: NA
	<p>Digital Sky Technologies (DST), the largest Internet holding company in the Russian-speaking and Eastern European markets, acquired instant messaging service ICQ from AOL, as the company cleaned up its portfolio. ICQ, which has built a presence in markets including Russia, Germany, Czech Republic and Israel, had more than 32 million unique visitors per month as of February 2010, with approximately 80% of users between the ages of 13 and 29. The company's long-standing name and sizeable customer base will allow DST to further strengthen its position in Russia and Eastern Europe. AOL originally acquired ICQ in 1998.</p>		

	Q1 2010	Q2 2010
Number of Deals	62	90
Total Enterprise Value (EV)	\$2.1 billion	\$1.2 billion
Median Announced Deal Size	\$28.8m	\$18m
Median EV/TTM Revenue Multiple	2.5x	5.0x

Source: Company websites, Reuters, Digital Media Wire, SEC Filings