



# Cisco Global M&A Update H1 2023

Technology & Media focus

#NavigateTheFuture

# H1 2023 M&A activity in tech and media remains level in terms of the number of deals, with demonstrable resilience expected to continue in H2

**+ 2%**  
Volume

**Technology and media sector activity remains level** in the first half of this year, compared to the first half of 2022. The **volume of M&A deals has been showing signs of picking up**, following a dip in Q1 2023. H1 2023 ended with a 2% increase on H1 2022 and a 23% increase on H1 2021.

**+ 18%**  
Value

**The disclosed value of M&A deals** (excluding mega-deals) in the sector in H1 2023 **is up 18%** compared to the same period last year.

**42%**  
PE deals

Corporate-led (**strategic buyer**) **acquisitions continue to account for the majority** of transactions, but PE-backed deals account for a significant 42% of total deal volume. This split is the same it was last year.

**Digital**  
focus

**Digital incl. Agency, AdTech/ MarTech, and Content & Production** sectors continue to attract the most buyer interest. Notably, in H1 2023, **PR & Communications demonstrated a 123% rise in deal volume.**

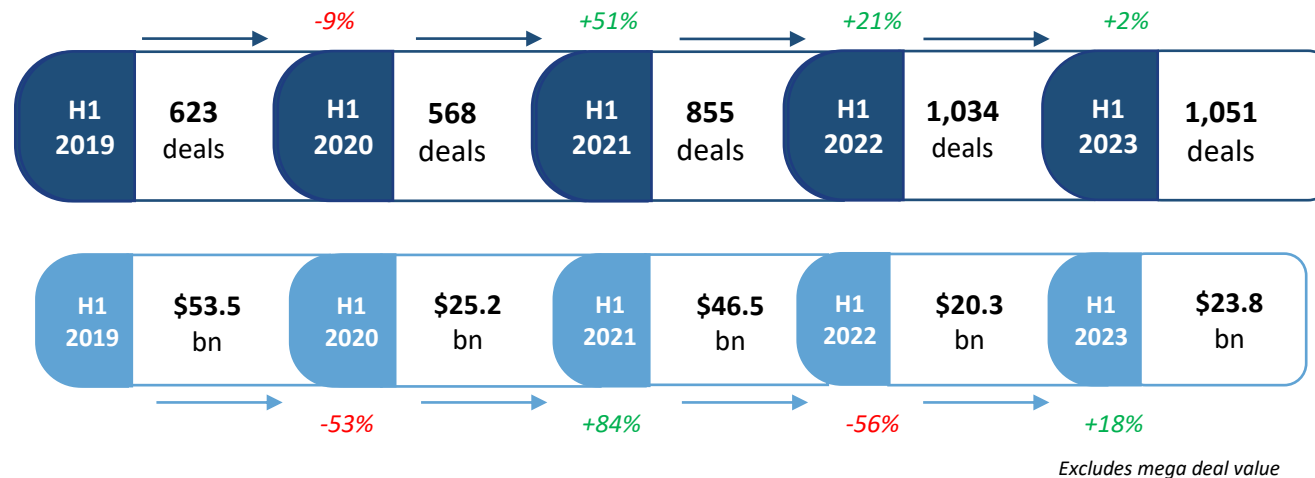
**77%**  
US, UK and Western Europe

M&A activity in the **USA, UK & Western Europe lead the deal activity** in H1 2023, accounting for 77% of all activity, down from 80% in 2022. Notably, the deal activity in Japan tripled from 10 to 32 deals in H1 2023.

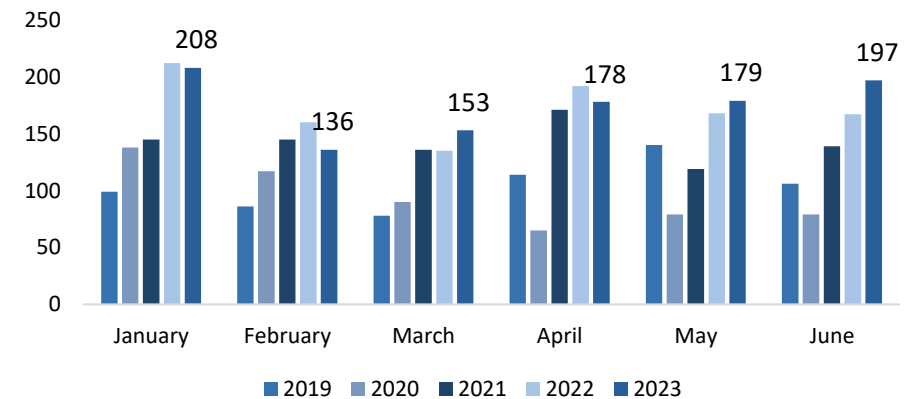
# Deal volumes remain above pre-pandemic 2019 levels and a clear upward trajectory can be seen throughout Q2 of 2023

- 1,051 transactions were announced in the first half of 2023 in the technology and media sectors. This is a 2% increase in deal activity from the same period in 2022 and significant growth on H1 2021 – up 23%, demonstrating strong post-pandemic recovery.
- The overall disclosed value of deals has increased 18% on H1 2022 (excluding mega deal values).
- 1 mega-deal (deals with a value above \$10bn) was announced to date in 2023 – experience management software company Qualtrics was acquired by US PE firm Silver Lake and CPP Investments, Canada's largest pension fund, for an estimated \$12.5 billion. Qualtrics provides software analytics tools that help companies respond to their online customers. It generated \$1.5bn in annual sales last year, a 36% increase, with more than 80% of those revenues coming from recurring subscriptions.

## Deal volume and value in H1 2019 - 2023










## Monthly deal volume in H1 2019-2023



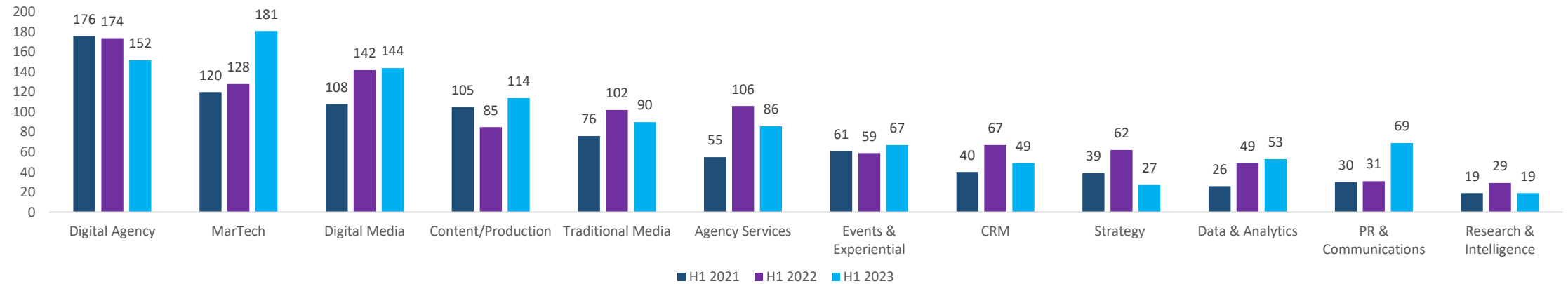
# Digital Services, Events, Content & Production and PR & Communications companies are on top of M&A activity in H1

## Select deals in Q2\*, H1 2023








Target	Bidder	Month	Target description	Buyer description	Enterprise Value
 <b>SAMONETWORK</b> <small>A PUBLITEK BRAND</small>	 <b>NEXT15</b>	Jun-23	Content marketing services (Germany)	PR & communications (UK)	n.a.
THE INDEPENDENTS	FL/ENTERTAINMENT	Jun-23	Branding & marketing services with event management (France)	Global content production & distribution activity providers (France)	\$400m
 <b>YOU-APPI</b>		Jun-23	Fully managed programmatic application (USA)	Global technology company with a proprietary consumer intelligence platform (India)	\$45m
 <b>Winsight</b>		May-23	Publisher of B2B information services & research through digital media & events (USA)	Information services (UK)	\$380m
		May-23	Cloud-based interactive content software for marketing & data collection (Belgium)	Growth capital (Sweden)	n.a.
		May-23	Online advertising company (USA)	Advanced analytics, technology solutions & research services in life sciences company (USA)	\$800m
		Apr-23	Sonic branding services (Germany)	Advertising holding network (UK)	n.a.
		Apr-23	Marketing consulting & strategic advisory (Canada)	Advertising holding network (France)	n.a.
 <small>SCHIEFER   CHOPSHOP</small>		Apr-23	Media agency with public relations & brand marketing services (USA)	Multi-platform technology company focused on acquiring, optimizing & growing companies (Canada)	\$14.9m

# Strong M&A activity across all focus sectors, with the highest deal volume across Digital Media and Digital Services

## H1 Deal volume by sector in 2021-2023





## Select transactions across top subsectors:

PR & Communications	Digital Services	MarTech/ AdTech	Content & Production	Events & Experiential
				
Talent booking agency	Digital consultancy agency – DXP	Internet marketing services	Producer of movies & television shows	Provider of events & marketing services
Sold to	Sold to	Sold to	Sold to	Sold to
				
Talent & media holding agency	MarTech company	Leading Commerce Media Platform	Film & television production company	Global events, data & media platform
n.a.	n.a.	n.a.	n.a.	n.a.
The acquisition will bring across some of Red 11 Music's CEO & clients	The acquisition will reinforce Jakala's presence globally, and to support continuous growth	The acquisition will allow Havas Media India to tap PivotRoots' deep understanding of the Indian market	The acquisition expands Chernin Entertainment's international market footprint	To strengthen Arc's full-service marketing capability in the UK financial sector

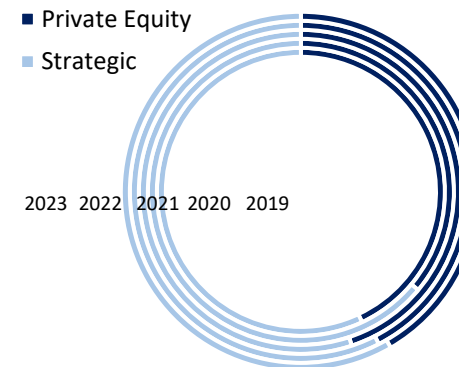
# PE-backed corporates continue to lead the activity in the sector, as WPP and emerging AI buyer Hype Snagger co-lead as the top Strategic bidders

## Most active buyers in H1 2023

Parent / Backer	Acquiring Entity	H1:		
		2023	2022	2021
	PE-backed strategic     	9	1	2
	PE-backed strategic   	8	0	5
	Strategic – Digital Media outlet	7	0	0
	Strategic – Advertising holding  	7	2	1
	PE-backed strategic   ENDEAVOR 	5	2	4
	Strategic – digital media and tech	5	0	0
	PE-backed strategic   	4	3	0

## PE vs Strategic Acquirers

- PE and PE-backed firms continue to be a strong buyer category. As a proportion of the overall deal total, Private Equity buyers make up 42%, as they did in H1 2022, whilst Strategic Acquirers held their proportion of 58%. Compared with the same period last year, Strategic Acquirers have shown a 3% increase in deal volume.
- In H1 2023, the value of PE deals including mega deals decreased by 44% compared to the same period last year, from \$43.1bn to \$24.3bn. There was a 30% decline when considering PE value excluding mega deals, from \$43.1bn in H1 2022 to \$24.3bn in H1 2023.



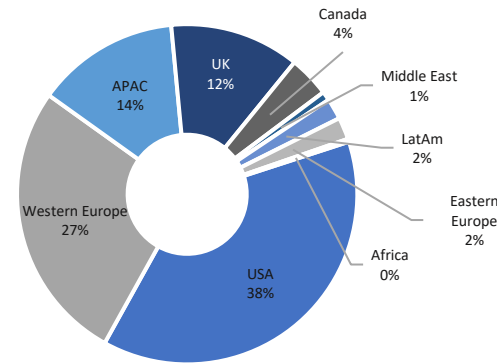
	H1 2023	Total deals	PE	Strategic
2019		623	43%	57%
2020		568	36%	64%
2021		855	45%	55%
2022		1034	42%	58%
2023		1051	42%	58%



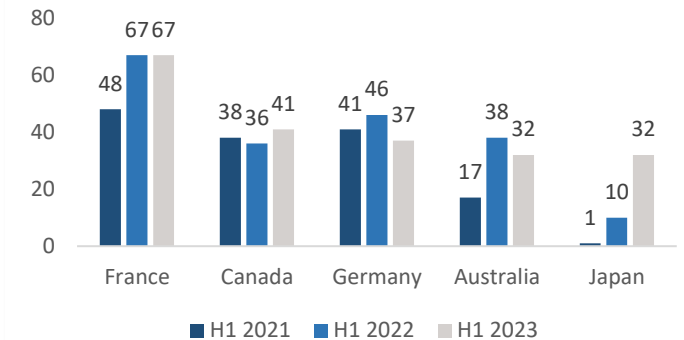
# The USA, UK and Western Europe targets continue to lead the deal flow, whilst APAC increases deal activity by 25%

- The two largest markets (target companies' locations) remain the USA and the UK with 400 (10% decrease from H1 2022) and 130 (4% decrease from H1 2022) deals respectively.
- Combined, the USA and UK account for 50% of total deal volume. They are followed by France, Canada, Germany, Australia and Japan all of which combined represent 70% of total deal volume.
- The USA and UK markets have visibly witnessed a slight slowdown. However, there was a cautious start to the year due to global fears of recession and rising interest rates, as banks worked to fight inflation. We can see that deal volume picked up slightly by June, including for the USA and UK, perhaps signalling an increase in buyer confidence.
- Domestic transactions were up 4% compared with the same period last year, whilst Cross Border transactions showed a 2% decrease.

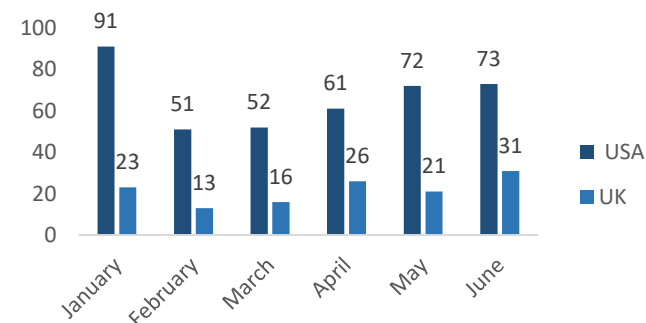
Deal volume by region in H1 2023



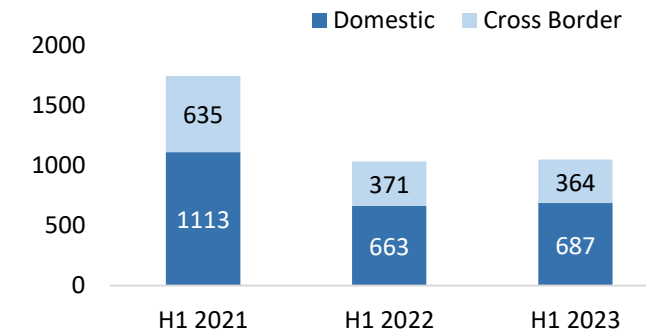
Top active target countries following USA and UK (Deal Volume in H1 2021 – H1 2023)



Monthly deal volume in the USA & UK in H1 2023



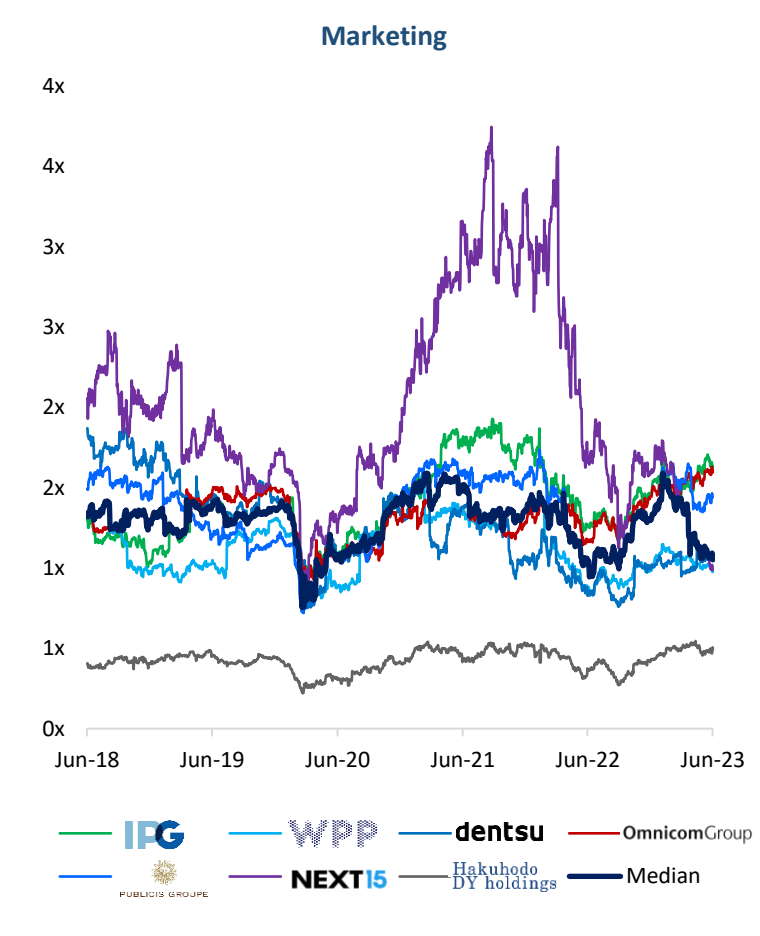
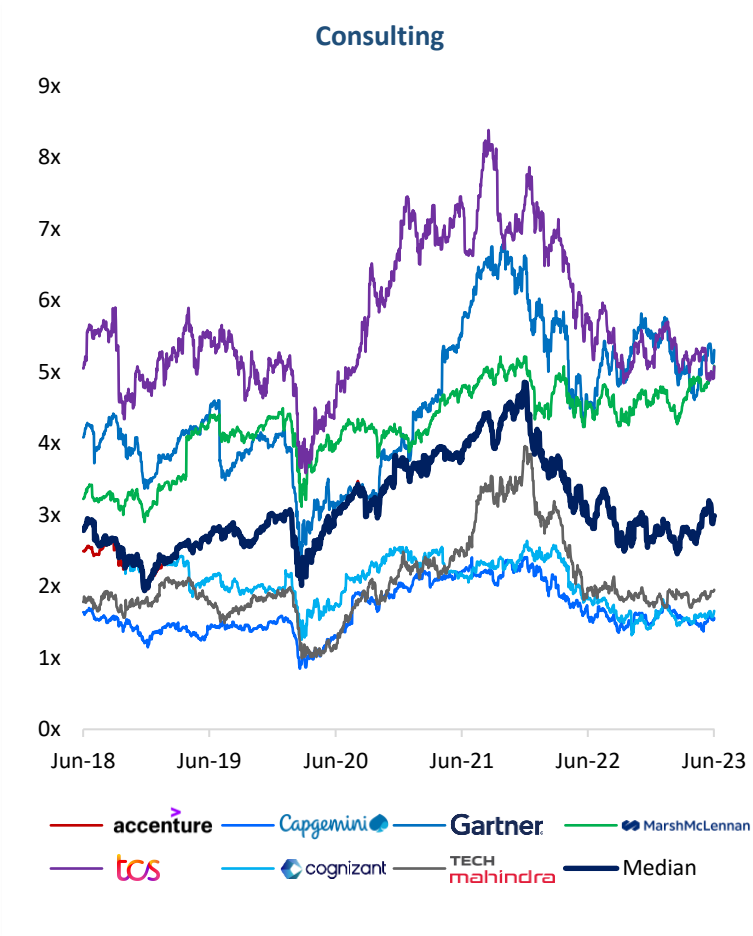
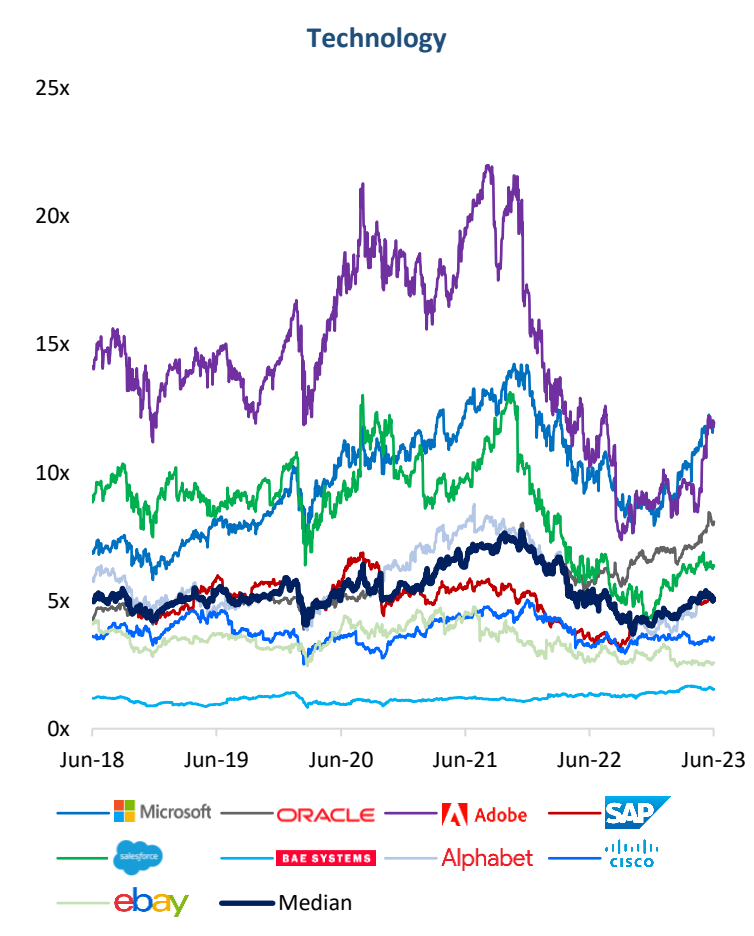
Domestic vs Cross Border Transactions in H1 2023



# Companies across Tech, Consulting and Marketing continue to show resilience, with Tech commanding the highest EV/Revenue multiples

Tech valuations reverted to pre-pandemic levels with a 5x median EV/Revenue, and consultancies' valuations surged until mid-2022 but now stabilise just below 3x, meanwhile, advertising companies have consistently fluctuated between 1-2x Revenue over the last 5 years

EV/Revenue over the last 5 years



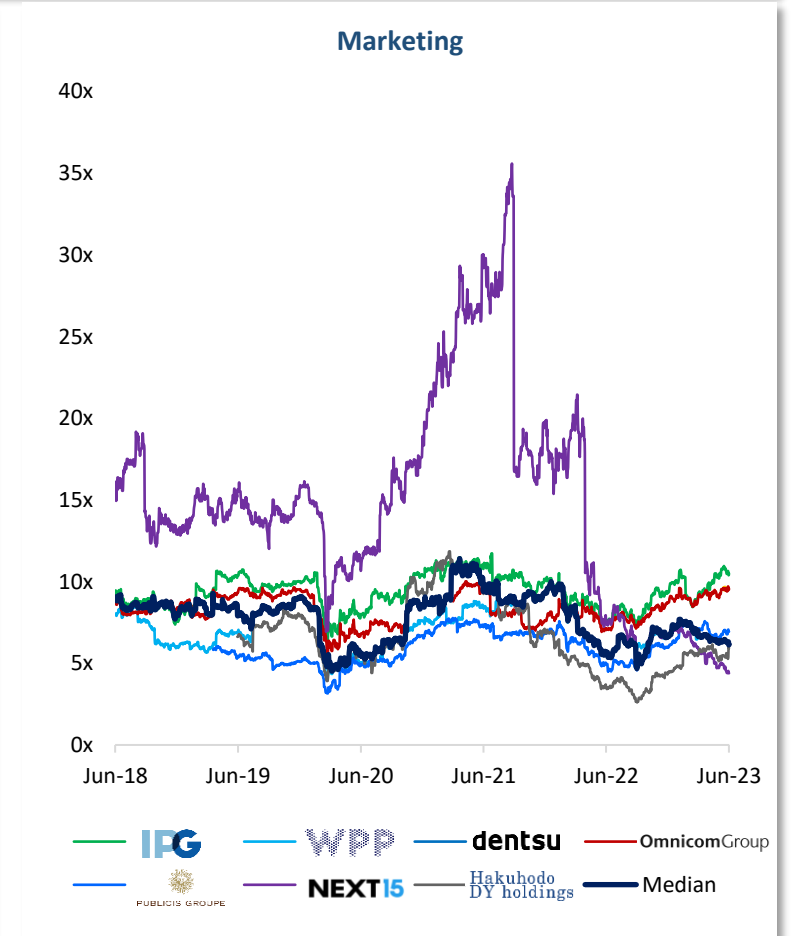
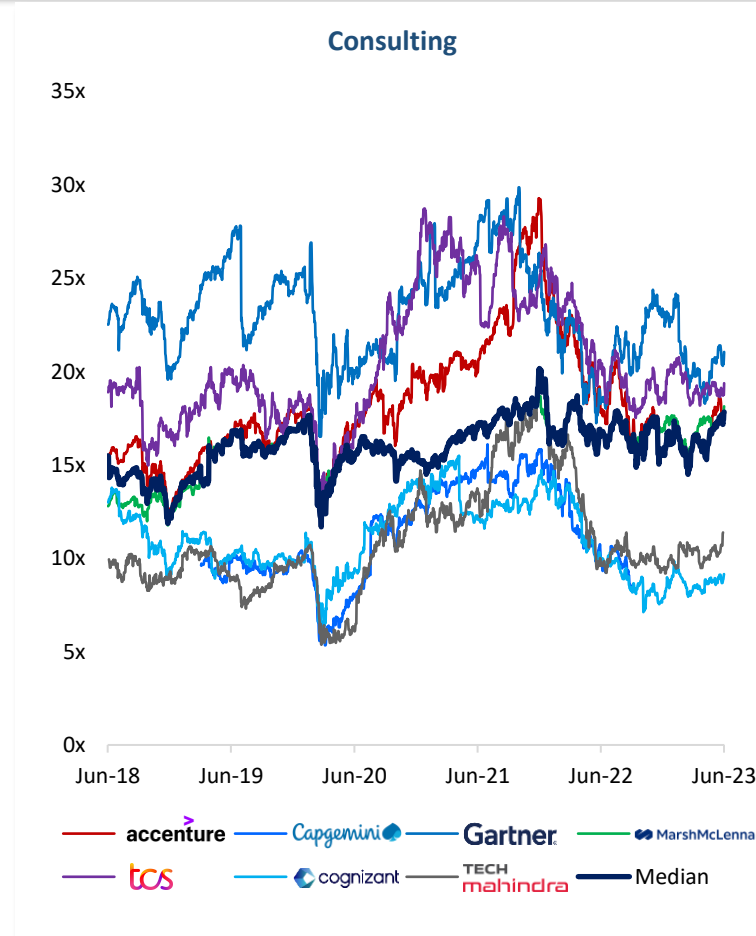
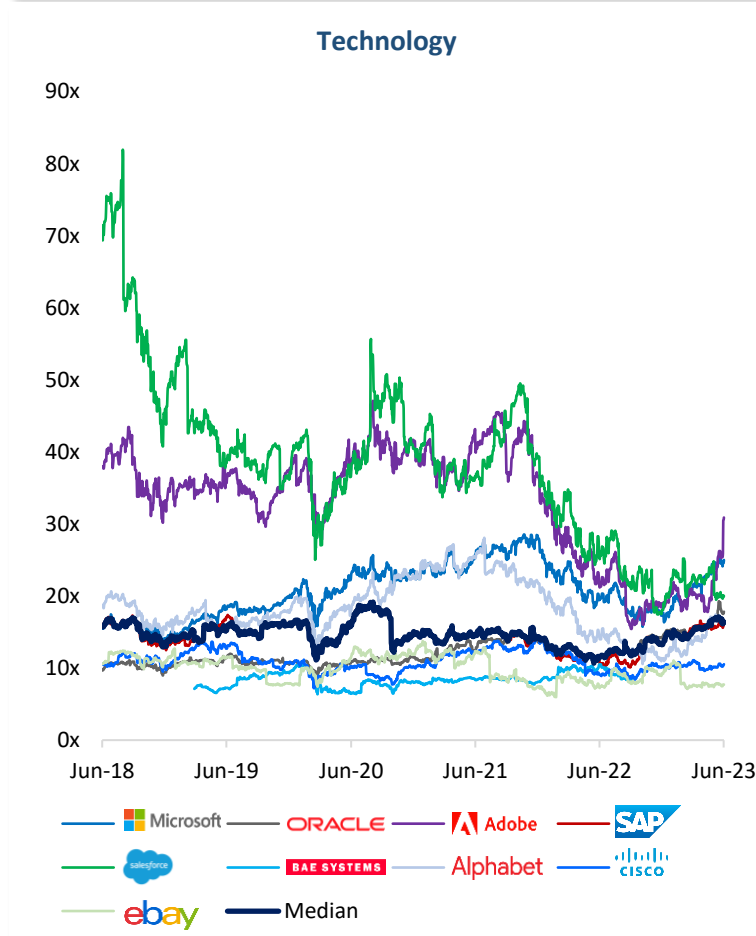
Source: Ciesco Market Intelligence



# As of Jun-23, median EV/EBITDA multiples in the Tech, Consulting, and Advertising sectors stand at 16.3x, 17.8x, and 6.5x, respectively

The tech sector was hit hard by rising interest rates but has now recovered, consultancies exhibit diverse EV/EBITDA ratios ranging from 10-20x, whereas advertising firms generally moved together.

## EV/EBITDA over the last 5 years



Source: Ciesco Market Intelligence

# Ciesco Global M&A Update

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The report provides an overview of the year-to-date global M&A deal activity in H1 2023 within the technology and media sectors – with statistical analysis of overall global deals by volumes and disclosed values, as well as by geographic region and sectors. The report also provides insights and trend analysis of private equity related activity and an overview of the evolving buyer landscape, along with an outlook for the sector.

The report has been prepared by analysts at Ciesco's Market Intelligence team using various data points and sources including data that is available via PitchBook and several other M&A databases.

Ciesco is a London-based M&A advisory firm specialising in the technology, media and healthcare sectors, with coverage of Europe, Asia and North America.

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