



Sector Spotlight: Media & Marketing Services

September 2023



Key Market Trends

01

The Buyer Landscape has expanded in recent years following recent dominant M&A activities by Global Advertising Holding Networks. Buyers now include Consulting, Technology, Financial services - particularly Private Equity – Media Owners, Publishers, and Mid-Market Groups.

The Networks restructured pre-Covid to enhance digital capabilities. Now, with revamped operations, their M&A interest has surged, especially in data analytics, digital media, eCommerce, and content. In 2022, the Networks saw an 80% increase in deal volume, and 2023 is showing healthy activity to date.

02

Private Equity firms and PE-backed strategic buyers remain a competitive buyer category in the sector, following their consistent M&A interest over three years, supported by significant amount of dry-powder uncommitted funds for fast transactions when viable businesses become available.

Sector agencies are diversifying capabilities beyond core strengths to retain clients and compete in new business pitches, with a focus on data analysis, software, integrated tech stacks, and creative content; this applies to media planning & buying agencies too.

04

05

As digital and social media gain pace, marketers are seeking diverse partnerships, moving beyond traditional agencies to embrace specialists and media platforms; independent players and boutique agencies are thriving, while CMOs and Brand teams tailor agency appointments for optimal business alignment.

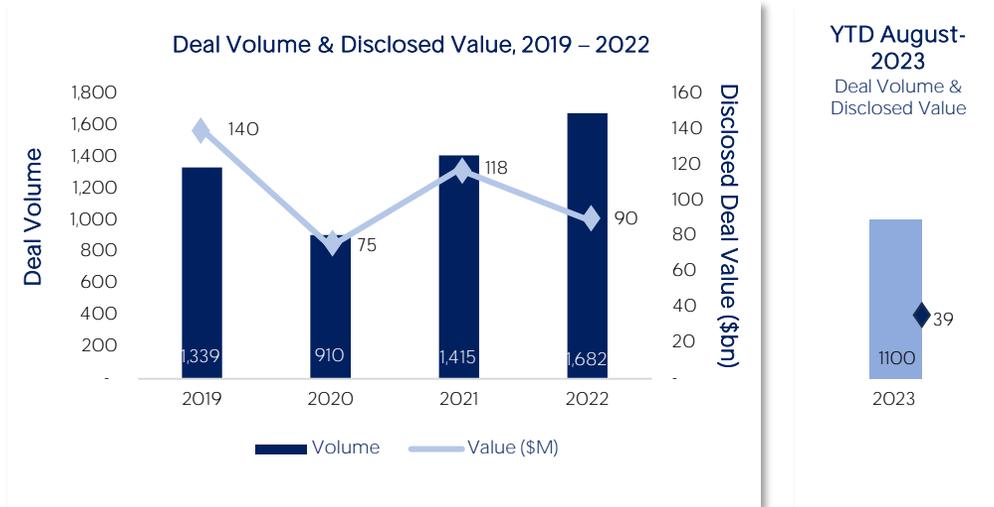
Amid economic challenges, the sector's UK ad spend flourishes, primarily from a 75% digital share in 2023 (a leap from 1% in 2001 and 25% in 2008), promising measurable ROI; technology's appeal to investors lies in its efficiency gains.

06

Notable Transactions

Target	Bidder	Month	Target Subsector	Buyer Subsector	Enterprise Value
	HAVAS	July-23	Creative Agency (UK)	Advertising Holding Network (France)	\$274.3m
	OmnicomGroup	July-23	Creative Agency (Germany)	Advertising Holding Network (US)	Undisclosed
	gravity GLOBAL	July-23	Marketing Agency (USA)	B2B (UK)	Undisclosed
	STAGWELL	July-23	Experiential & design (US)	Marketing Comms Group (USA)	Undisclosed
	ebay	July-23	Digital ID Technology (Italy)	eCommerce Marketplace (USA)	Undisclosed
jellyfish		June-23	Digital Marketing (UK)	Marketing Technology (USA)	Undisclosed
C O R R A		June-23	eCommerce (US)	Advertising Holding Network (France)	Undisclosed
kinnect	IFG	April-23	Digital Creative Agency (India)	Advertising Holding Network (USA)	\$37m
	WPP	April-23	Generative AI & Brand Experience (USA)	Advertising Holding Network (UK)	Undisclosed
	OmnicomGroup	April-23	Sports Marketing (UK)	Advertising Holding Network (USA)	Undisclosed

Media & Marketing Deal Activity



Source: PitchBook, Ciesco Market Intelligence team

2023 shows YTD data until 31/08/2023

Media & Marketing deal volume, after experiencing a decline in 2020 (as most sectors did), made a full recovery and even surpassed pre-pandemic levels by 6% (2019: 1,330; 2021: 1,415). This trend continued into 2022, where Ciesco market intelligence witnessed a 19% increase. So far in 2023, the only sub-sector to already surpass its 2022 deal volume is PR & Communications, up 19%. PR & Communications companies are becoming “particularly attractive to acquirers because of the access they have to senior executives [...]”. These relationships may be leveraged to gain access to new opportunities” (Moore Kingston Smith). The M&A market is more resilient than the 2023 numbers might suggest; to date, deal volume is only 38 deals behind 2022 numbers at the same point in the year (1,138). If activity continues this trend, we predict that the overall deal volume for the year will be level with that in 2022.

Disclosed deal value peaked in 2019 with \$140bn for the year, dropped 47% year-on-year (YoY) in 2020 as the Covid-19 pandemic surged, and then showed a YoY increase of 58% in 2021. 2022 saw a 24% decline and the downward trajectory continues into 2023. While the year is not yet complete, unless significant deals are completed it is unlikely that this will match its high in 2021. The fall comes amid a drop in overall dealmaking globally, where contributing factors include rising interest rates and general uncertainty in the market. However, it is important to note that in 2023 to date, only 12% of deals have disclosed their deal value.

1. Deal values for the period do not include values from all deals captured in the deal volume for the period as value for some deals are not disclosed

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Active Acquirers

**Tracked Acquisitions YTD 2023 only include transactions made within Media & Marketing Services sectors*



Founded In 1989
\$7.62bn Dry Powder

RI, USA HQ
Acquisitions YTD 2023: 9

Providence Equity Partners is a private equity firm based in Providence, Rhode Island. The firm prefers to invest through means of buyouts, add-ons, recapitalization, and growth capital. The firm prefers to invest in media, communications, education, and technology sectors based in Europe and North America.



Founded in 2023
Undisclosed Financials

CO, USA HQ
Acquisitions YTD 2023: 7

Hype Snagger is an AI-powered PR service & publisher of news. They offer press releases, guest posting on high-authority websites, and decentralized Q&A services. Despite only being launched in February this year, the start-up has so far made 7 acquisitions in the Digital Media space.



Founded in 1985
\$17.6bn Revenue

London, UK HQ
Acquisitions YTD 2023: 6

WPP PLC (LON: WPP) is the world's largest ad-holding company, based on annual revenues. WPP's services, which include traditional and digital advertising, public relations, and consulting, are provided worldwide, with over 70% of its revenue coming from more developed regions such as North America, the U.K., and Western Europe.



Founded in 1898
\$5.3bn Revenue

CA, USA HQ
Acquisitions YTD 2023: 4

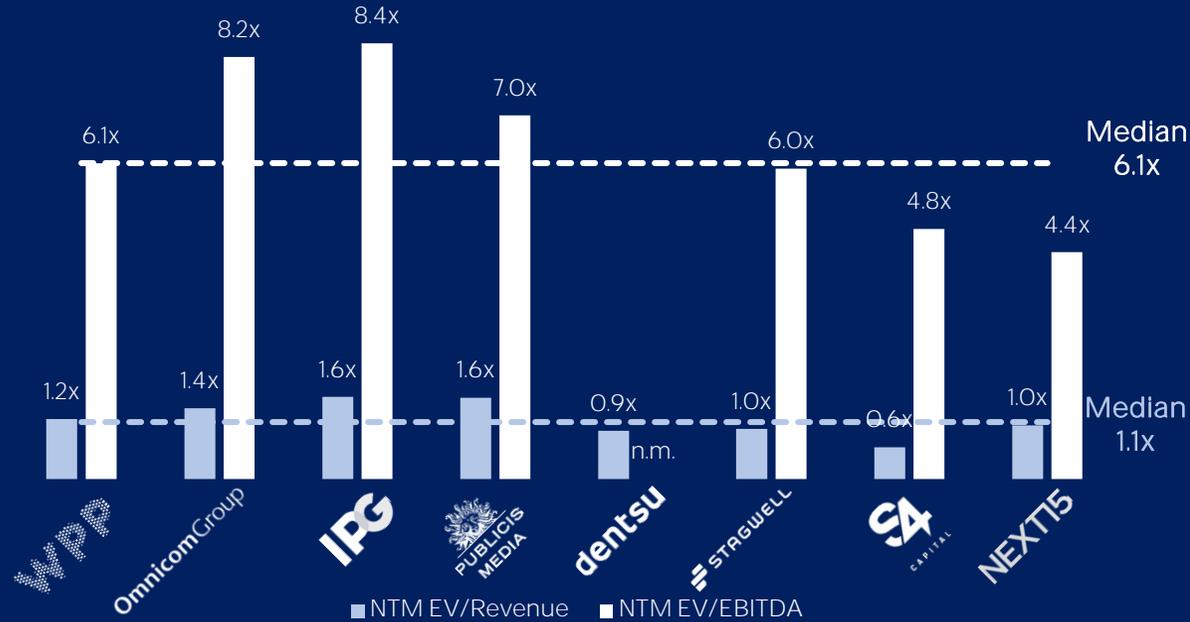
Endeavor Group Holdings Inc (NYS: EDR) is an entertainment, sports and content company. It offers services through its integrated capabilities of talent representation, content development, content distribution and sales, event management, marketing and licensing, and direct-to-consumer offerings. It operates its business in three segments: Owned Sports Properties; Events, Experiences & Rights; and Representation.

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Media & Marketing Public Comps

Media & Marketing Valuation Multiples

as at 28/08/23



(The chosen peer group represents multinational advertising and marketing agencies)

The NTM EV/EBITDA and NTM EV/Revenue medians for the Media & Marketing sector's listed companies' peer group stand at 6.1x and 1.1x respectively. Comparatively, they align with the S&P 500 Advertising Index. Over the last 5 years, global events like the Covid-19 pandemic and the Ukraine war have significantly impacted these multiples. However, a swift rebound, especially in EBITDA multiples, was observed within months post the downturn. In 2023, the advertising market has witnessed fluctuations, causing a paradoxical situation in the share prices of listed ad networks. Despite most of these networks experiencing growth and benefiting from robust ad spend levels, market recovery expectations by analysts surpass the actual performance of these companies. Consequently, this dynamic exerts pressure on the valuations of these businesses.

Source: S&P Capital IQ (as of 28/08/23)

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Sector Valuations

NTM EV/Revenue over the last 5 years



NTM EV/EBITDA over the last 5 years



(1) Peer group includes the 5 companies presented to the left. WPP, Omnicom, IPG, Publicis, Dentsu and Next15 span the entire historical period, while other companies are added when listed as per the illustrations above.



Chris Sahota
CEO

Chris is the Founder & CEO of Ciesco which has grown to be a leading Global M&A Advisory Firm specialising in Technology, Media & Healthcare. Prior to Ciesco, Chris has held senior executive roles in some of the largest corporations across Technology, Media and Marketing, having lived and worked in London, New York and Brussels.

Chris currently sits on the UK Advisory Council of Palantir Technologies. He has also served on the Advisory Board of Accenture UK & Ireland.

Sector Specialist Team



Aika Kussimova
Associate Director

Aika leads M&A transactions, origination and execution at Ciesco, specifically within Media, Healthcare and Sustainability services and technologies. She joined the team in 2016 and has been working closely with clients across a range of sectors and geographies, having successfully completed recent deals across the US, UK, DACH and Benelux regions. Her recent advisory work includes sell-side and buy-side mandates for businesses in Digital Media, Software Testing, MedComs, and Digital Creative sectors.



Colin Wheeler
Partner

Colin is a Partner at Ciesco. He is truly a sector specialist and brings over 40 years of experience having worked agency, brand and consultancy side developing and managing blue-chip brands and high-growth businesses.

Throughout his career, Colin has been actively involved in growing and selling businesses, bringing a wealth of expertise and a deep understanding of building and managing agency resources and brand teams to drive best practices and foster profitability.



Annabelle Pugh
Marketing & Operations
Manager

Annabelle plays a key role in Ciesco's marketing activities, market intelligence and operational processes, working closely with the Ciesco team, clients, and suppliers. One of Annabelle's key responsibilities is diligently tracking deal activity within Ciesco's market intelligence division. By closely monitoring market trends and developments, she contributes to the organisation's comprehensive understanding of the ever-evolving landscape. Furthermore, Annabelle leads Ciesco's marketing initiatives including the production of Ciesco M&A Reviews and coordinates their Launch events.

Contact us: MediaMarketing@ciesco.com

Relevant Ciesco Experience



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SELL-SIDE ADVISORY
HEALTHCARE SERVICES / PRIVATE EQUITY



SELL-SIDE ADVISORY
MEDIA CONSULTING / PUBLIC COMPANY



BUY-SIDE ADVISORY
MEDIA CONSULTING / PRIVATE EQUITY



CORPORATE ADVISORY
CONSULTING / MARKETING SERVICES



BUY-SIDE ADVISORY
DIGITAL CREATIVE / INTEGRATED MARKETING



SELL-SIDE ADVISORY
DIGITAL MARKETING / DIGITAL TRANSFORMATION



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