

Q1 2021

Digital Services sector update



Qualitative insights into broader Digital Services trends and public and private valuations across the transaction spectrum, and interviews with today's leaders transforming the sector.

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THE VIEW

Q1 Digital Services perspectives from GP Bullhound

PUBLIC SECTOR TRANSFORMATION SPECIALISTS IN DEMAND

- Historically inconsistent approach to digital transformation
- COVID-19 pandemic has permanently accelerated the demand
- Consolidator activity for public sector specialists has increased

DIGITAL DRIVING A PROGRAMMATIC REVOLUTION

- High demand for data-driven programmatic specialists
- Digital Out Of Home set to be the 'last great broadcast medium'
- Adtech companies have significantly outperformed key global markets

SOCIAL PLATFORMS COMING OF AGE

- Explosion in social platforms is changing the game
- Specialist social expertise is becoming necessary to keep pace
- Influencers offer vast, efficient pools of high-quality creative talent

GP Bullhound's recent Digital Services activity

Digital Services Advisory

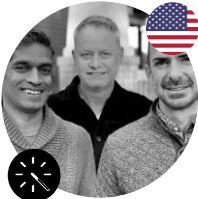


Byte

ACQUIRED BY

Dept

UNDISCLOSED



FortyFour

ACQUIRED BY

Bounteous

UNDISCLOSED



Orca Pacific

ACQUIRED BY

Mightyhive/\$4Capital

UNDISCLOSED



Jellyfish

INVESTMENT BY

Fimalac Group

£500M



Croud

INVESTMENT BY

LDC

£30M



Filter

ACQUIRED BY

Merkle

UNDISCLOSED



Oliver

ACQUIRED BY

You & Mr Jones

UNDISCLOSED



Solita

ACQUIRED BY

Apax Digital

UNDISCLOSED



Kepler

ACQUIRED BY

KYU

UNDISCLOSED



Essence

ACQUIRED BY

WPP

UNDISCLOSED



Ansira

ACQUIRED BY

Advent International

UNDISCLOSED



Olson

ACQUIRED BY

ICF International

\$295M

Public sector transformation specialists in demand

Tech quality in the public sector continues to present challenges

Pandemic has made digital transformation more than a 'nice to have'

- Prior to the pandemic, the global public sector had been making inconsistent progress in embracing digital transformation, with the risk of being 'less than perfect' slowing the transition to digital in many jurisdictions⁽¹⁾
- The need for a digitally capable local government has changed in the past 18 months with, for instance, 79% of government officials indicating that automation is making a significant positive impact on their business, and that adoption of similar technologies is likely to continue⁽¹⁾
- Within the public sector two core stakeholders are likely to campaign to maintain the current rate of transformation⁽²⁾:
 - Digital natives within the public sector that are likely to want to keep pressing change and maintain recent advances such as cloud adoption and transition to remote working
 - The private sector and citizens who have become accustomed to working online and are becoming more demanding of ease of access to services and the usability of digital apps

Transformation specialists with public sector expertise in high demand

Accelerated digital journey necessitating public sector experts

- To meet current demand, the public sector is looking at three pillars of transformation: 1) scaling digital infrastructure (including harnessing AI, cloud); 2) creating a more digital public workforce; and 3) investing in citizen connectivity⁽¹⁾
- As demand continues to grow, we have seen several transactions involving public sector specialists. In February, US public sector specialist Tyler Technologies announced it was acquiring counterpart NIC in a \$2.3bn deal – '[the] biggest deal the industry has ever seen'⁽³⁾. Lynn Moore, President and CEO of Tyler, said:
 - "The pandemic has accelerated the shift by governments to online services and electronic payments as more citizens and businesses are interacting digitally with government"... "Government has been forced to set up new technology in order to accommodate telework and serve citizens while minimising in-person contact"
- In February, Accenture also acquired Infinity Works – a UK specialist responsible for some of the largest technology-led projects in government⁽⁴⁾. Following this, Accenture announced in March the acquisition of Cygni, a Swedish cloud native development firm working on digital-led national government projects as well as private sector industries.

Select recent transactions

Cygni

accenture

DEAL DATE: MAR-21
EV: N/A
EV/ REV: N/A

NIC

tyler technologies

DEAL DATE: FEB-21
EV: \$2.1B
EV/ REV: 4.5X

INFINITY WORKS

accenture

DEAL DATE: FEB-21
EV: N/A
EV/ REV: N/A

HMB Professional services division

CGI

DEAL DATE: JAN-21
EV: N/A
EV/ REV: N/A

Digital driving a programmatic revolution

Growth in demand for data-driven adtech and programmatic specialists

Underpinned by growth in screen time, tech dependency and connected TV

- The pandemic has catalysed a surge in screen time with the average US adult spending an average 13 hours per day on connected devices – a 63% uplift since 2018.
- Connected TV has been a notable beneficiary, with The Trade Desk reporting 100% YoY CTV growth by Q4 2020, and 27% of US households indicating that 2021 will be the year they go 'connected-only'. Magnite CEO Michael Barrett commented:
 - "As linear TV accelerates its move to CTV, we believe growth from this secular trend will fuel our growth for the foreseeable future."
- Despite concerns surrounding a Google blog post in January confirming its intention to not replace the third-party cookie, public adtech companies have outperformed their global agency counterparts by almost 200% since January 2021. We have seen corresponding momentum in the private M&A markets.

Digital Out Of Home set to be the 'last great broadcast medium'

\$38bn global Out Of Home market is positioned for massive digital-driven growth

- Unlike other traditional channels, Out Of Home has resisted internet disintermediation. As lockdowns end and global footfall increases, programmatic momentum is forecast to make Out Of Home the second-fastest growing advertising medium in 2021, second only to the mobile internet⁽¹⁾.
- Digital Out of Home is a one-to-many channel, making it particularly attractive for advertisers seeking to deliver hyper-targeted, high impact, real-time campaigns whilst maintaining cost efficiency. Studies indicate that Digital Out of Home is 20%+ more effective than traditional Out of Home in terms of post-campaign actions⁽²⁾.
- We have recently seen increased deal activity involving programmatic data specialists such as Ipsos' acquisition of Czech Out of Home data specialist MGE Data and, from a connected TV perspective, Magnite's acquisition of data-driven video advertising platform SpotX.

Select recent transactions

nielsen

ADVANCED VIDEO
ADVERTISING UNIT

Roku

DEAL DATE: MAR-21
DEAL SIZE: \$36M
EV/ REV: N/A

SPOTX

Magnite

DEAL DATE: FEB-21
EV: \$1.17B
EV/ REV: N/A

ADCOLONY

digital turbine.

DEAL DATE: FEB-21
EV: \$400M
EV/ REV: N/A

BEESWAX

FREEWHEEL
A COMCAST COMPANY

DEAL DATE: DEC-20
EV: N/A
EV/ REV: N/A

Social platforms coming of age

Pandemic has made social platforms a primary channel for consumer engagement

Social penetration at an all-time high

- More than half of the world now uses social media – approximately 4.7bn people, of which 7% have come online in the last 12 months. Together these users will spend a total of 3.7tr hours on social media in 2021.
- 2020 proved a transformative year for social, with the pandemic pushing more people to spend time online and find alternative channels through which to engage and access information. Social media advertising benefitted materially, with social media spend as a % of total advertising spend increasing to 23% in February-June 2020.
- Influencer marketing specifically has been growing in prominence as an impactful route to consumers, with spend on influencer marketing growing ~50% YoY since 2016. Also, 66% of marketers are planning to increase spend on influencer marketing in 2021, with 80% intending to spend at least 10% of their budget on influencer marketing⁽²⁾.

Experts in social media marketing can bring together capabilities to drive ROI

Specialist expertise is necessary to keep up with the pace of innovation from social platforms

- High impact social campaigns are now seen as heavily ROI driven and require specialist know-how and expertise, often incorporating multi-discipline capability across digital, creative, campaign management, and data analytics. Influencer specialists also provide brands access to a vast pool of high-quality creative talent enabling significant operational leverage by making production 'better, faster and cheaper'.
- In February, Dutch challenger agency Dept acquired Byte London – a tech-driven agency that combines data, creativity, and media to seamlessly integrated ad campaigns, AR, automation, and chatbots. Byte is a specialist in social platforms such as Snap, Instagram and TikTok, working to maximise client impact on these platforms.
- We have recently seen increased demand for high-quality social specialists, notably You & Mr Jones' acquisition of Collectively to combine with its existing tech and data-driven influencer platform theAmplify. CEO David Jones said that timing was optimal for sector consolidation, describing the influencer market as 'immature' and 'growing dynamically'.

Select recent transactions

goat

inflexion

DEAL DATE: MAR-21

EV: N/A

EV/ REV: N/A



BYTE

DEPT

DEAL DATE: FEB-21

EV: N/A

EV/ REV: N/A

collectively

YOU & MR JONES

DEAL DATE: AUG-20

EV: N/A

EV/ REV: N/A

Ariel AI
Snap Inc.

DEAL DATE: JAN-21

EV: N/A

EV/ REV: N/A
























NOTABLE DIGITAL SERVICES TRANSACTIONS

Strong digital services activity throughout Q1

Close date	Geography of target	Target	Buyer / investor	Target description	Deal value (\$m)	Implied EV/LTM Rev	Implied EV/LTM EBITDA
Mar-21	N. America	GlobalLogic®	HITACHI Inspire the Next	Software engineering services provider	9,600	12.5x	53.5x
Mar-21	Asia	ampion	wipro	Digital transformation consultancy	117	-	-
Mar-21	Europe	Cygni	accenture	Cloud transformation consultancy	-	-	-
Mar-21	Asia	//balance	PUBLICIS GROUPE	Digital commerce transformation agency	-	-	-
Mar-21	N. America	Jam3	MEDIA MONKS	Digital design and experience agency	-	-	-
Mar-21	Europe	prmaconsulting®	FISHAWACK	Pharma / biotech strategic consultancy	-	-	-
Mar-21	Europe	Quill	jellyfish	Performance content specialist	-	-	-
Mar-21	N. America	TGI	BRUIN SPORTS CAPITAL	Digital agency / tech provider for sports	100	-	-
Mar-21	N. America	Jeveltry	DEPT	Mobile software development provider	-	-	-
Mar-21	Europe	comma	amplifi	Data management consultancy	-	-	-
Mar-21	Europe	Perigord	Tech Mahindra	Digital packaging workflow solutions	-	-	-
Mar-21	N. America	Ortega Group	tinuiti	Amazon / e-commerce consultancy	-	-	-
Mar-21	Europe	goat	inflexion	Influencer marketing agency	-	-	-
Mar-21	Europe	INGENUITY DIGITAL	Bridgepoint Consultants Capital	Full service digital agency	-	-	-
Mar-21	Europe	CAPCO	wipro	Finance / energy sector tech consultancy	1,450	2.0x	-
Mar-21	Europe	NN4M	Salmon WPP	Mobile retail commerce consultancy	-	-	-
Mar-21	Europe	REPL	accenture	Supply chain technology consultancy	-	-	-
Feb-21	N. America	ADCOLONY	digital turbine	Digital advertising monetisation tool provider	356	-	-

NOTABLE DIGITAL SERVICES TRANSACTIONS

Strong digital services activity throughout Q1

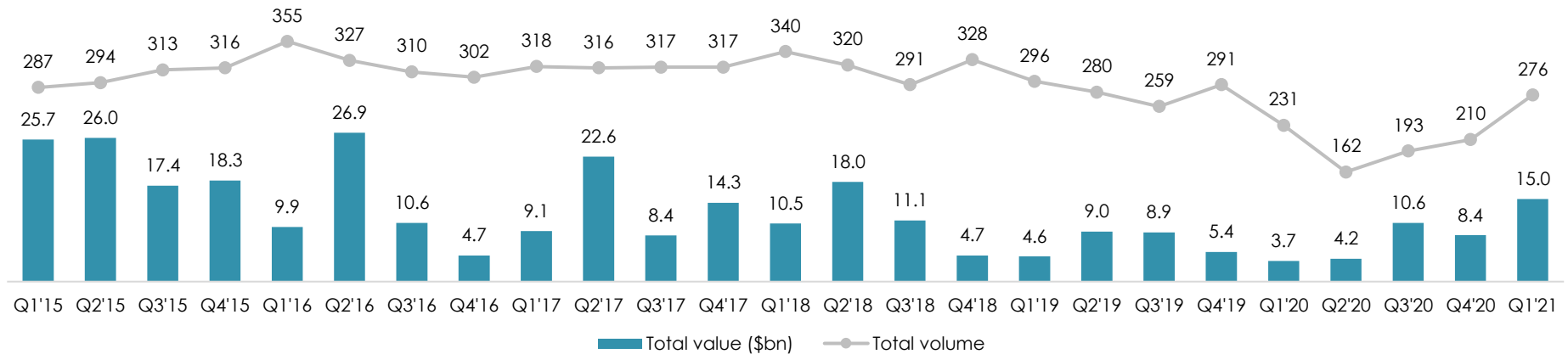
Close date	Geography of target	Target	Buyer / investor	Target description	Deal value (\$m)	Implied EV/LTM Rev	Implied EV/LTM EBITDA
Feb-21	Europe	 User Conversion	 brainiacs	E-commerce IT consultancy	-	-	-
Feb-21	Europe	 valtech	valtech	Full service creative agency	-	-	-
Feb-21	N. America	 vidmob	 Adobe	Social / digital advertising provider	-	-	-
 Feb-21	Europe	 BYTE	DEPT	Social marketing / technology agency	-	-	-
Feb-21	Asia	 accenture	accenture	E-commerce solutions developer	-	-	-
Feb-21	Asia	Assets of  datalicious <small>From Equinix</small>	 IIGHTYHIVE S4	Data and analytics consultancy	-	-	-
Jan-21	N. America	 LOW EARTH ORBIT	MEDIA MONKS S4	Digital-first marketing consultancy	-	-	-
Jan-21	Europe	 STAUD STUDIOS	MEDIA MONKS S4	Creative production / technology studio	-	-	-
Jan-21	N. America	 kettle	CODE AND THEORY STAGWELLGROUP	Digital-native creative agency	-	-	-
Jan-21	N. America	TAOS	 IBM	Cloud transformation consultancy	-	-	-
Jan-21	Asia	Assets and onboard employees of Carter.	 Infosys	Independent experience agency	-	-	-
Jan-21	N. America	 SOCIAL METHOD	 POWERDIGITAL MARKETING	Media buying / creative agency	-	-	9.5x
Jan-21	Asia	 TO NOW	MEDIA MONKS S4	Creative and content agency	3	-	-
Jan-21	N. America	 7Summits	 IBM	Salesforce systems integrator	-	-	-
Jan-21	Asia	servian	Cognizant	Digital and analytics consultancy	-	-	-
Jan-21	N. America	swoop  ipm.ai	 W2O	Insights as a Services provider	-	-	-
Jan-21	N. America	HMB	CGI	Technology transformation consultancy	29	-	-
Jan-21	N. America	ueno.	 twitter	Full-service creative agency	-	-	-

DIGITAL SERVICES M&A ACTIVITY BY QUARTER

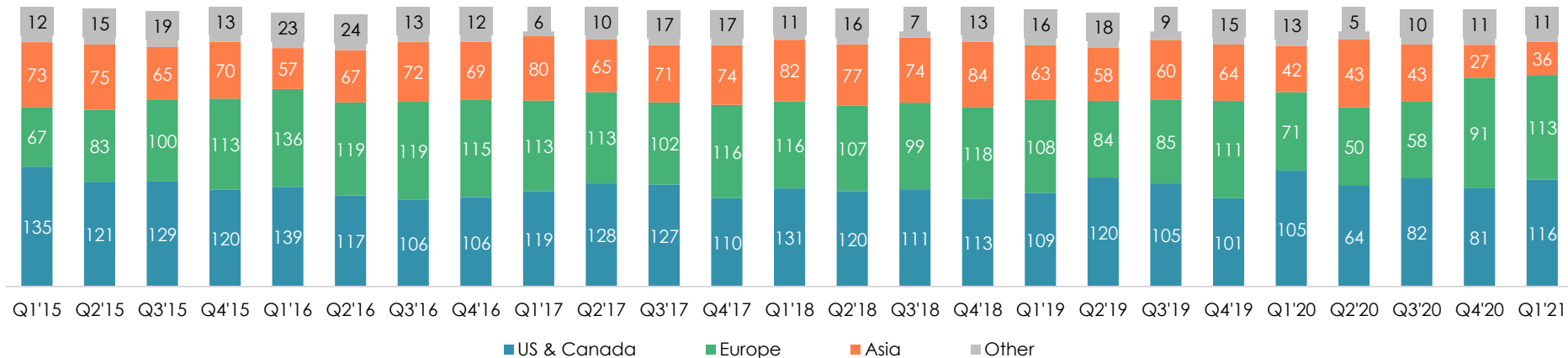
Deal volume recovering strongly in 2021 after pandemic low

Increased activity across all regions has resulted in deal volume approaching pre-pandemic levels.

Transaction deal value and number of M&A deals ⁽¹⁾



M&A deal volume by geography

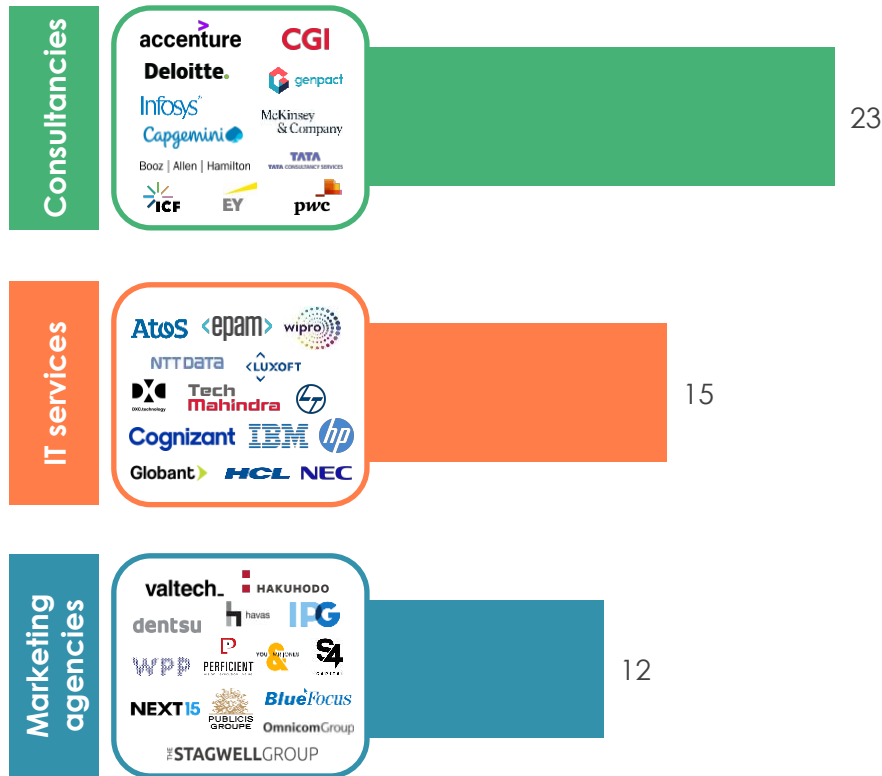


CLOSED TRANSACTIONS BY GROUP IN 2021 YTD

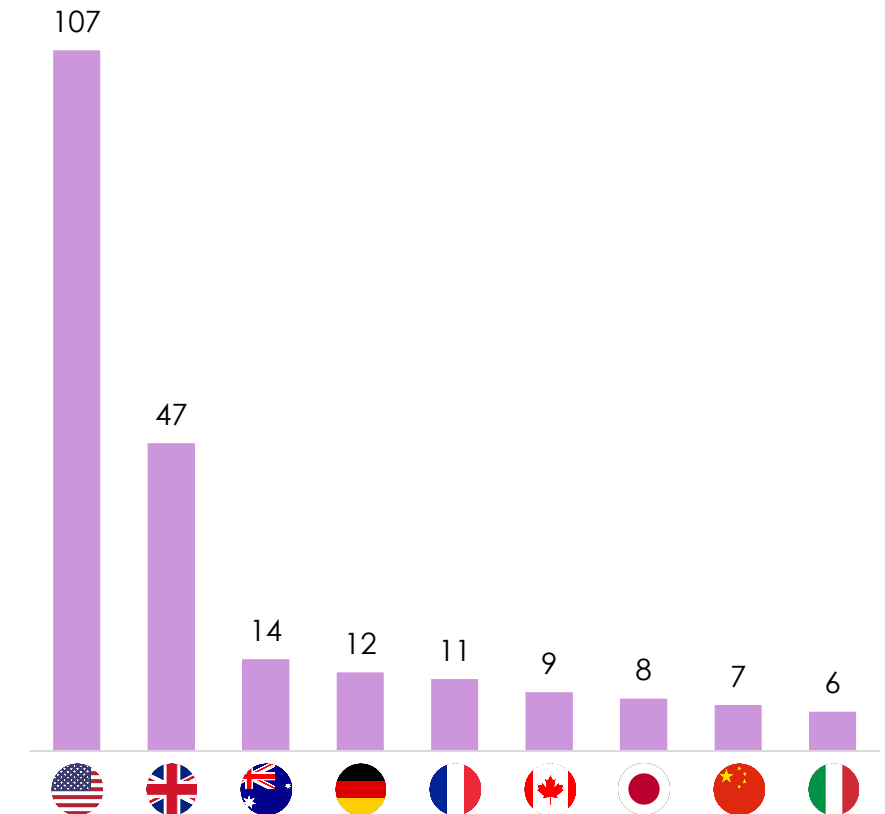
Consultancies have started the year as most active acquirers

Both consultancy and IT services consolidators have outperformed activity in Q1 2020.

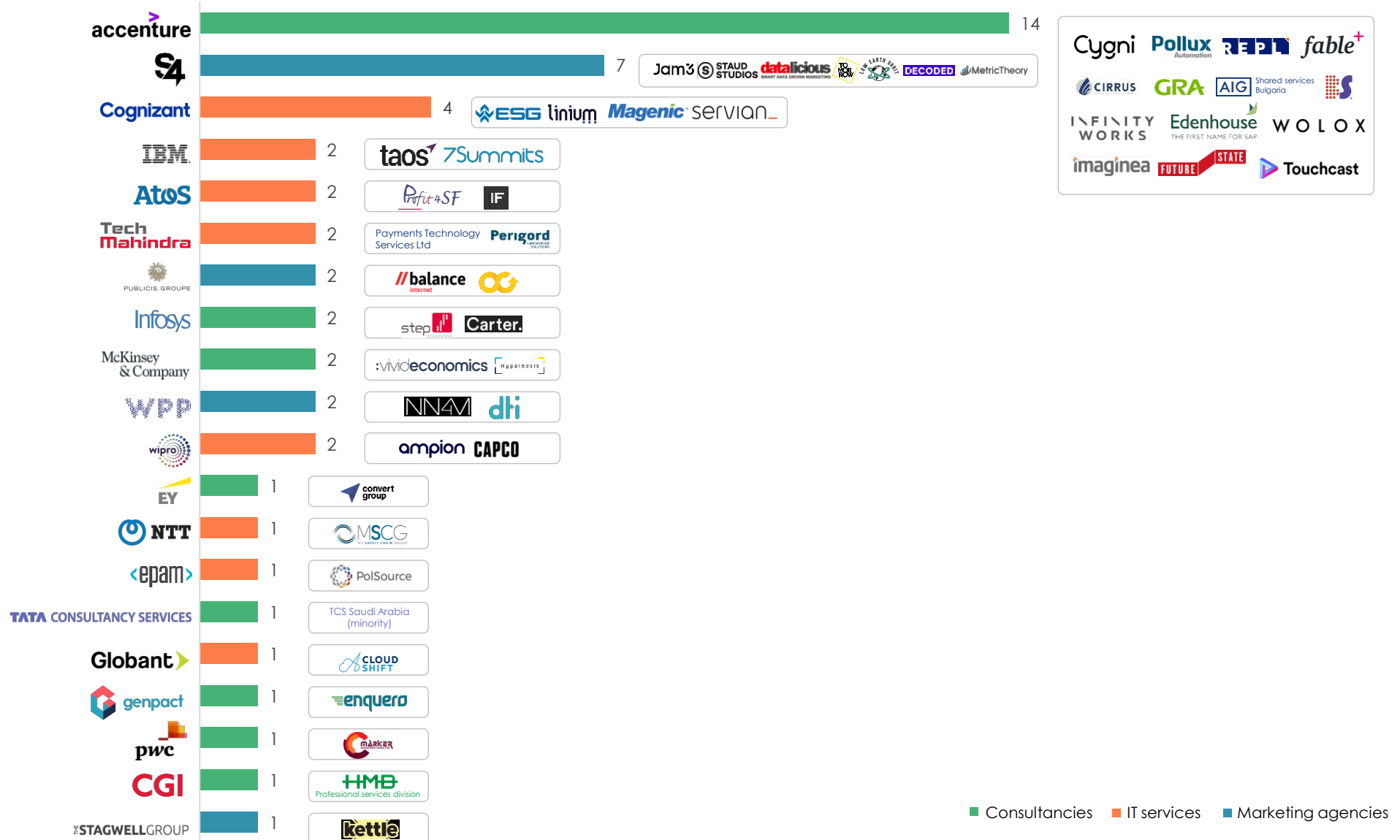
2021 YTD transaction activity by buyer group ⁽¹⁾



2021 YTD number of M&A deals by target geography



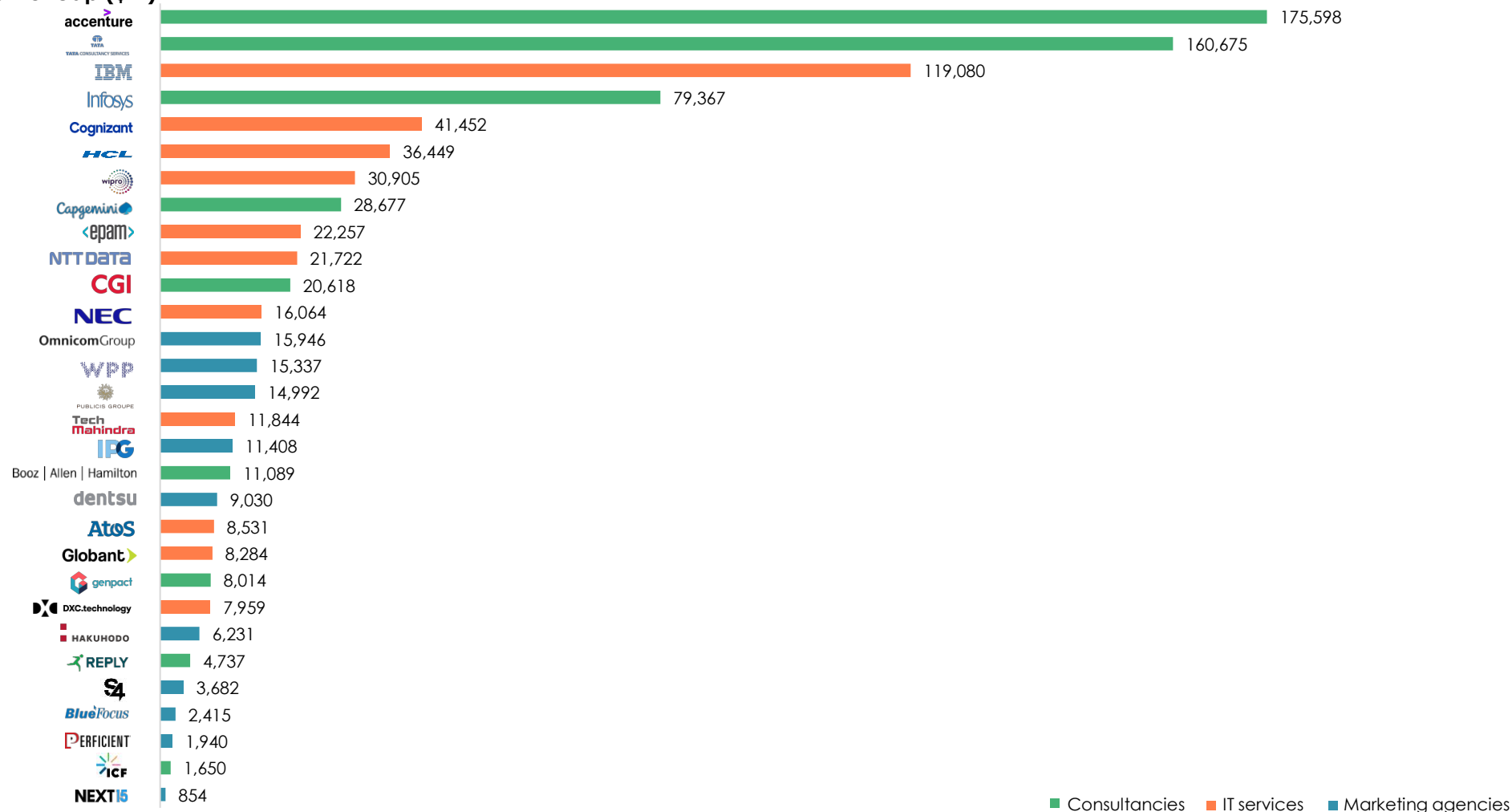
Accenture continued into Q1 as the most active consolidator



GP Bullhound Digital Services index market capitalisation

Strong post-pandemic recovery continuing to push capitalisation of key public companies higher.

Market cap (\$m)



GP BULLHOUND DIGITAL SERVICES INDEX EV/EBITDA TRENDS – PAST FIVE YEARS

Evolution of GP Bullhound Digital Services index valuation

Sector valuations exceeded the 5-year high by the end of Q1 2021.

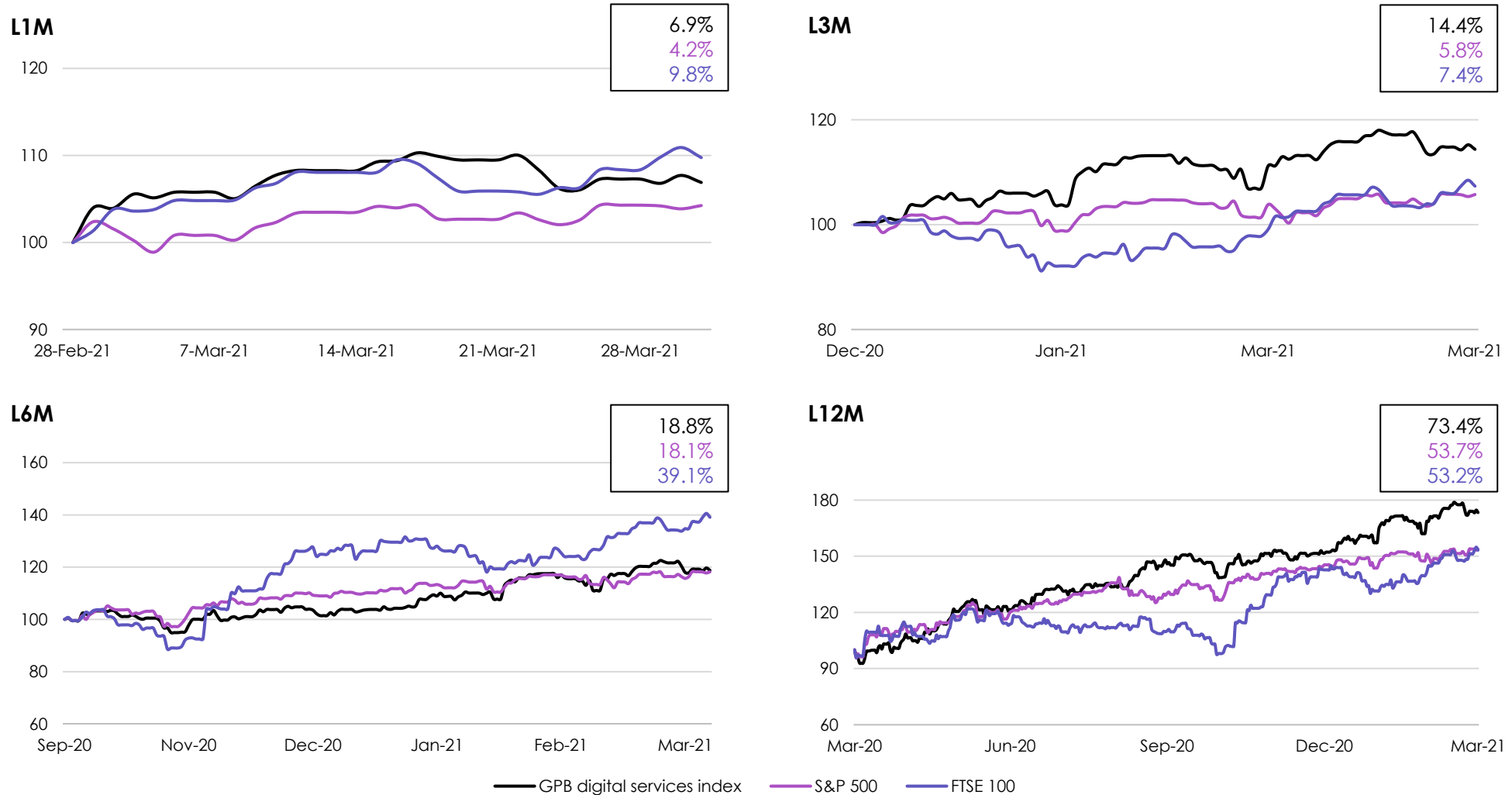
Digital Services index rolling 3-month average NTM EBITDA



PUBLIC TRADING PERFORMANCE VS. MARKET INDICES

GP Bullhound Digital Services index historical performance

Digital services businesses have performed in line with or outperformed the FTSE100 and S&P500 over the last 12 months

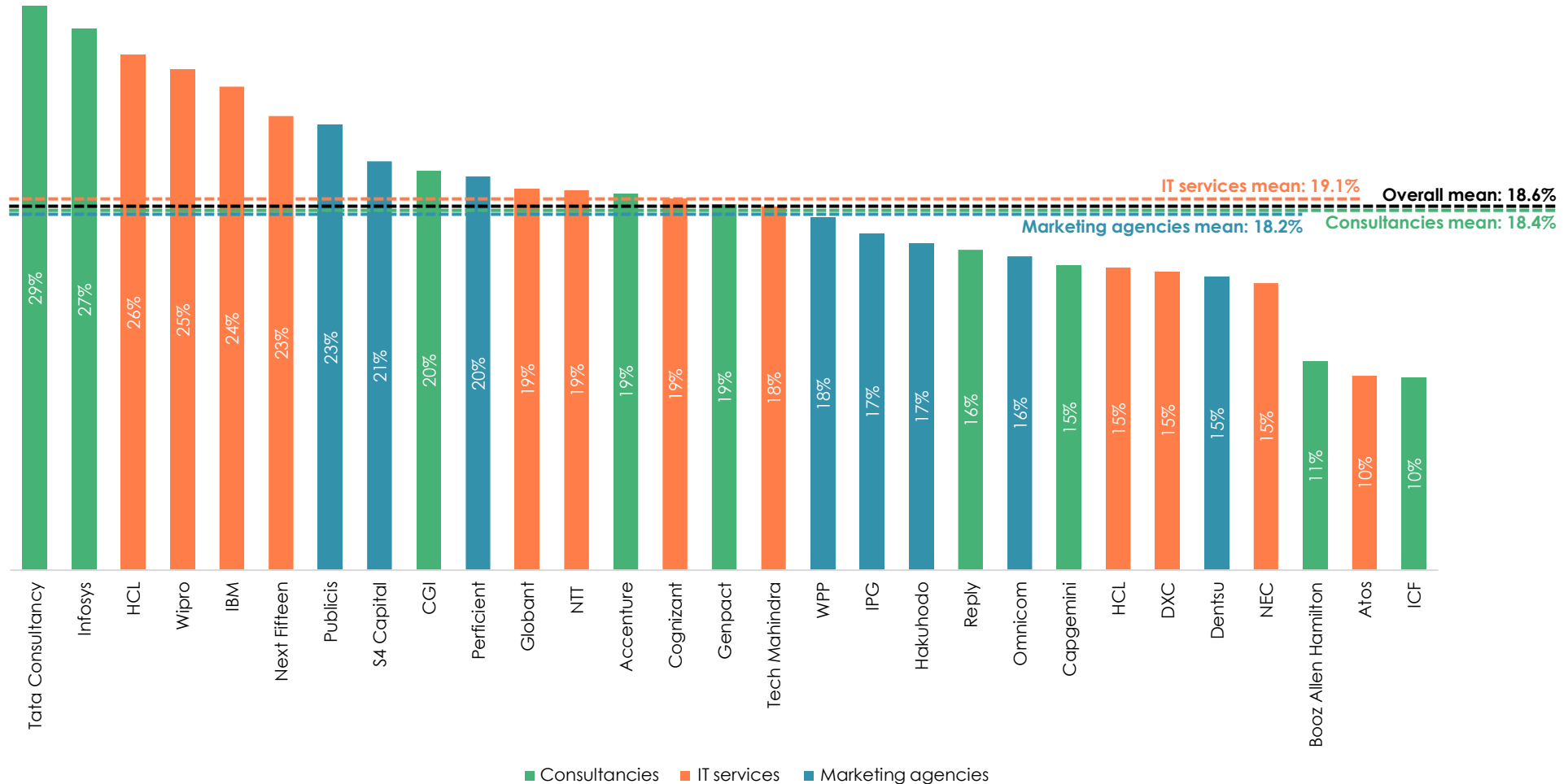


MARGIN BENCHMARKING

GP Bullhound Digital Services index margin benchmarks

EBITDA margins across Digital Services index companies have pushed upwards to 18-19%.

EBITDA CY2021 margin



BARRY CUPPLES, GLOBAL CEO



BARRY CUPPLES

GLOBAL CEO, TALON OUTDOOR



Talon is a high-growth independent full service Out of Home agency with a team of over 150 people globally. The leading UK player in the OOH agency sector, Talon is dedicated to driving client value through a combination of teamwork, expertise, creativity, data and proprietary technology. A simple philosophy enables the team to deliver outstanding Out of Home campaigns - Smarter as Standard.

"The major increase in the digitisation of the Out of Home vertical is allowing for the medium to be utilised in new and even more dynamic ways. OOH can now be seen as an even more significant and substantial channel of influence on consumers. Not only will it deliver an impactful message to a targeted and select consumer, but it can now be planned for exposure at the most effective moment and time, and additionally overlaid with precise location data to drive the consumer action our clients want as measurable outcomes.

Our ability at Talon to use increasingly rich data to intelligently construct the shape of OOH campaigns and deliver valuable outcomes, gives our advertisers a material uplift in the value of their expenditures and investment in media."

Investors

IN MAYFAIR
EQUITY PARTNERS

ED EAST, CO-FOUNDER & CEO



ED EAST

CO-FOUNDER / CEO, BILLION DOLLAR BOY

"Over the past 12 months influencer marketing has grown stronger than ever, underpinned by a marked increase in screen time. Influencers are providing advertisers access to an incredibly large creative talent pool making content creation better, faster and cheaper, while distribution through rapidly proliferating social networks is offering campaigns access to global audiences like never before.

At Billion Dollar Boy we use our own proprietary tech to optimise and monitor campaigns, manage influencers, and track content. We are helping our clients navigate the rapid scaling of influencer marketing to drive impact in their campaigns and maximise the significant economies influencers can offer."



billion,dollar,boy

Billion Dollar Boy is the Creative Agency for the Influencer Age with a team of 100 and counting across offices in London, New York, and New Orleans. The team harnesses the collective power of thousands of vetted global influencers and content creators at scale to bring brands' purpose to life through original storytelling, proprietary data, and technology. It works with influencers globally to produce over 100 ads daily, creating campaigns across seven continents with top brands spanning categories of FMCG, beauty, food and beverage, fashion, retail, and automotive.

Selected clients



PEPSICO

L'ORÉAL



JOSH BOAZ, CO-FOUNDER & CEO



JOSH BOAZ

CO-FOUNDER / CEO, DIRECT AGENTS

"Flaws in traditional omnichannel marketing strategies and media buying algorithms often lead to poor targeting of minority groups. Polycultural is about transcending specific minority focus and taking a holistic approach to marketing, focusing instead on integrated cross-population campaigns that maximise reach. Polycultural relies on a combination of creative, content, media and strategy to elevate multicultural thinking to the next level, and ultimately drive client revenue."

At Direct Agents we are very proud of our diverse team and progressive approach to digital marketing. Our Polycultural expertise enables our clients to view their campaigns through an alternative lens, maximising campaign effectiveness whilst utilising our performance marketing knowhow to deliver data-driven insights and analytics."

Selected clients



Direct Agents is an independent, minority-owned digital marketing agency that specialises in performance-driven customer acquisition solutions. Founded by first generation immigrants, the agency goes beyond the standard marketing toolbox through innovation in analytics, and creative, Polycultural and digital / ecommerce strategy and solutions. Direct Agents is built to help clients achieve success through a diverse and passionate group of experts based in NYC, LA and beyond.

Public comparables

Company Name	Share	Week	Mkt Cap	EV	Revenue Multiple			EBITDA Multiple			EBITDA Margin			CY2019 - CY2021	
	price (USD)	High			CY2019	CY2020	CY2021	CY2019	CY2020	CY2021	CY2019	CY2020	CY2021	CAGR	
	31-Mar-21	%												Revenue	EBITDA
Accenture plc	276.3	98%	175,598	170,436	3.9x	3.8x	3.4x	23.3x	20.6x	17.8x	16.7%	18.7%	19.1%	7.1%	14.3%
Atos SE	78.1	84%	8,531	10,661	0.8x	0.8x	0.8x	5.2x	5.7x	5.4x	14.7%	13.9%	14.5%	(0.9%)	(1.6%)
BlueFocus Intelligent Communications Group Co., Lt	1.0	65%	2,415	2,455	0.6x	0.4x	0.3x	13.2x	14.2x	12.0x	4.4%	2.8%	2.7%	32.9%	4.6%
Booz Allen Hamilton Holding Corporation	80.5	80%	11,089	12,494	1.7x	1.6x	1.6x	17.1x	15.2x	14.8x	10.1%	10.3%	10.5%	5.3%	7.7%
Capgemini SE	170.3	97%	28,677	35,980	2.1x	1.9x	1.8x	13.9x	12.4x	11.5x	15.4%	15.3%	15.4%	9.4%	9.7%
CGI Inc.	83.2	99%	20,618	22,760	2.3x	2.4x	2.3x	12.7x	11.8x	11.4x	18.3%	20.0%	20.2%	0.6%	5.6%
Cognizant Technology Solutions Corporation	78.1	94%	41,452	40,508	2.4x	2.4x	2.3x	12.4x	13.3x	12.1x	19.6%	18.2%	18.8%	3.3%	1.2%
Dentsu Group Inc.	32.1	86%	9,030	10,677	1.1x	1.2x	1.2x	8.4x	13.7x	8.0x	13.3%	9.1%	14.8%	(2.7%)	2.7%
DXC Technology Company	31.3	98%	7,959	12,182	0.4x	0.7x	0.7x	2.5x	4.9x	4.8x	17.3%	13.9%	15.1%	(23.3%)	(28.3%)
EPAM Systems, Inc.	396.7	97%	22,257	21,142	9.3x	8.0x	6.4x	50.1x	40.9x	33.4x	18.5%	19.6%	19.2%	20.3%	22.6%
Genpact Limited	42.8	96%	8,014	9,310	2.7x	2.5x	2.3x	15.1x	14.1x	12.7x	17.6%	17.9%	18.5%	6.6%	9.2%
Globant S.A.	207.6	85%	8,284	8,100	12.3x	10.1x	7.6x	63.0x	53.6x	38.9x	19.5%	18.8%	19.6%	27.0%	27.3%
Hakuhodo DY Holdings Inc	16.7	93%	6,231	5,943	2.0x	2.0x	1.9x	9.4x	12.3x	11.6x	20.7%	16.3%	16.7%	0.7%	(9.6%)
HCL Technologies Limited	13.4	92%	36,449	35,360	3.9x	3.6x	3.2x	17.2x	13.7x	12.3x	22.7%	26.0%	26.1%	10.3%	18.3%
ICF International, Inc.	87.4	93%	1,650	2,099	1.4x	1.4x	1.4x	15.3x	15.3x	13.9x	9.2%	9.3%	9.7%	2.4%	5.0%
Infosys Limited	18.7	97%	79,367	76,610	6.4x	5.9x	5.3x	26.3x	22.1x	19.2x	24.5%	26.9%	27.4%	10.7%	17.0%
International Business Machines Corporation	133.3	97%	119,080	171,866	2.2x	2.3x	2.3x	9.4x	11.3x	9.5x	23.6%	20.6%	24.5%	(1.9%)	(0.1%)
NEC Corporation	59.0	96%	16,064	22,085	0.8x	0.8x	0.8x	9.3x	8.4x	7.7x	8.5%	9.7%	9.8%	1.7%	9.6%
Next Fifteen Communications Group plc	9.4	91%	854	924	2.7x	2.5x	2.3x	13.3x	10.7x	10.1x	20.4%	23.6%	23.0%	7.9%	14.6%
NTT DATA Corporation	15.5	96%	21,722	26,292	1.3x	1.3x	1.2x	9.2x	8.7x	8.0x	13.8%	14.5%	15.3%	1.8%	7.1%
Omnicom Group Inc.	74.2	95%	15,946	18,368	1.2x	1.4x	1.3x	7.8x	9.6x	8.3x	15.8%	14.7%	15.9%	(3.1%)	(2.7%)
Perficient, Inc.	58.7	92%	1,940	2,079	3.7x	3.4x	3.0x	22.1x	18.5x	15.2x	16.6%	18.4%	19.9%	10.3%	20.7%
Publicis Groupe S.A.	61.1	97%	14,992	18,904	1.6x	1.6x	1.6x	7.1x	7.8x	7.1x	22.9%	20.8%	22.5%	0.7%	(0.1%)
Reply S.p.A.	126.6	99%	4,737	4,553	3.2x	3.1x	2.6x	20.0x	19.1x	16.3x	16.1%	16.0%	16.2%	10.3%	10.7%
S4 Capital plc	7.0	91%	3,682	3,643	na	7.2x	5.2x	80.5x	44.7x	25.3x	15.5%	16.1%	20.7%	54.4%	78.4%
Tata Consultancy Services Limited	43.4	95%	160,675	153,511	7.4x	7.2x	6.3x	28.0x	26.1x	22.0x	26.5%	27.6%	28.6%	8.5%	12.7%
Tech Mahindra Limited	13.6	92%	11,844	10,305	2.1x	2.1x	1.9x	12.9x	12.6x	10.3x	16.6%	16.3%	18.4%	6.3%	11.9%
The Interpublic Group of Companies, Inc.	29.2	96%	11,408	14,217	1.6x	1.8x	1.7x	9.8x	11.6x	9.9x	16.8%	15.1%	17.0%	(1.0%)	(0.3%)
Wipro Limited	5.7	89%	30,905	26,021	3.2x	3.2x	2.9x	15.4x	14.6x	11.6x	21.0%	21.8%	25.3%	4.9%	15.2%
WPP plc	12.7	97%	15,337	19,705	1.1x	1.5x	1.5x	6.3x	8.8x	8.1x	17.7%	16.5%	17.9%	(12.6%)	(12.1%)
Mean all		93%			3.0x	2.9x	2.6x	18.5x	16.5x	13.6x	17.1%	17.0%	18.1%	6.6%	9.1%
Median all		95%			2.1x	2.2x	2.1x	13.2x	13.5x	11.6x	17.1%	16.4%	18.5%	5.1%	8.5%

PUBLIC COMPARABLES BY CATEGORY

Public comparables: Global and mid-sized agencies

Company Name	Share price (USD)	% of 52 Week High	Mkt Cap (USD)	EV (USD)	Revenue Multiple			EBITDA Multiple			EBITDA Margin			CY2019 - CY2021 CAGR	
	31-Mar-21				CY2019	CY2020	CY2021	CY2019	CY2020	CY2021	CY2019	CY2020	CY2021	Revenue	EBITDA
Global Marketing Agencies															
WPP plc	12.7	97%	15,337	19,705	1.1x	1.5x	1.5x	6.3x	8.8x	8.1x	17.7%	16.5%	17.9%	(12.6%)	(12.1%)
Publicis Groupe S.A.	61.1	97%	14,992	18,904	1.6x	1.6x	1.6x	7.1x	7.8x	7.1x	22.9%	20.8%	22.5%	0.7%	(0.1%)
Omnicom Group Inc.	74.2	95%	15,946	18,368	1.2x	1.4x	1.3x	7.8x	9.6x	8.3x	15.8%	14.7%	15.9%	(3.1%)	(2.7%)
The Interpublic Group of Companies, Inc.	29.2	96%	11,408	14,217	1.6x	1.8x	1.7x	9.8x	11.6x	9.9x	16.8%	15.1%	17.0%	(1.0%)	(0.3%)
Dentsu Group Inc.	32.1	86%	9,030	10,677	1.1x	1.2x	1.2x	8.4x	13.7x	8.0x	13.3%	9.1%	14.8%	(2.7%)	2.7%
Hakuhodo DY Holdings Inc	16.7	93%	6,231	5,943	2.0x	2.0x	1.9x	9.4x	12.3x	11.6x	20.7%	16.3%	16.7%	0.7%	(9.6%)
Mean		94%			1.4x	1.6x	1.5x	8.1x	10.6x	8.8x	17.9%	15.4%	17.5%	(3.0%)	(3.7%)
Median		96%			1.4x	1.5x	1.5x	8.1x	10.6x	8.2x	17.2%	15.7%	16.9%	(1.8%)	(1.5%)
Mid-sized Marketing Agencies															
S4 Capital plc	7.0	91%	3,682	3,643	na	7.2x	5.2x	80.5x	44.7x	25.3x	15.5%	16.1%	20.7%	54.4%	78.4%
BlueFocus Intelligent Communications Group Co., Lt	1.0	65%	2,415	2,455	0.6x	0.4x	0.3x	13.2x	14.2x	12.0x	4.4%	2.8%	2.7%	32.9%	4.6%
Perficient, Inc.	58.7	92%	1,940	2,079	3.7x	3.4x	3.0x	22.1x	18.5x	15.2x	16.6%	18.4%	19.9%	10.3%	20.7%
Next Fifteen Communications Group plc	9.4	91%	854	924	2.7x	2.5x	2.3x	13.3x	10.7x	10.1x	20.4%	23.6%	23.0%	7.9%	14.6%
Mean		85%			2.3x	3.4x	2.7x	32.3x	22.0x	15.7x	14.2%	15.2%	16.6%	26.4%	29.6%
Median		91%			2.7x	3.0x	2.7x	17.7x	16.4x	13.6x	16.1%	17.3%	20.3%	21.6%	17.7%

PUBLIC COMPARABLES BY CATEGORY

Public comparables: IT services and consultancies

Company Name	Share price (USD)	% of 52 Week High	Mkt Cap (USD)	EV (USD)	Revenue Multiple			EBITDA Multiple			EBITDA Margin			CY2019 - CY2021 CAGR	
	31-Mar-21				CY2019	CY2020	CY2021	CY2019	CY2020	CY2021	CY2019	CY2020	CY2021	Revenue	EBITDA
IT Services															
International Business Machines Corporation	133.3	97%	119,080	171,866	2.2x	2.3x	2.3x	9.4x	11.3x	9.5x	23.6%	20.6%	24.5%	(1.9%)	(0.1%)
Cognizant Technology Solutions Corporation	78.1	94%	41,452	40,508	2.4x	2.4x	2.3x	12.4x	13.3x	12.1x	19.6%	18.2%	18.8%	3.3%	1.2%
HCL Technologies Limited	13.4	92%	36,449	35,360	3.9x	3.6x	3.2x	17.2x	13.7x	12.3x	22.7%	26.0%	26.1%	10.3%	18.3%
NTT DATA Corporation	15.5	96%	21,722	26,292	1.3x	1.3x	1.2x	9.2x	8.7x	8.0x	13.8%	14.5%	15.3%	1.8%	7.1%
Wipro Limited	5.7	89%	30,905	26,021	3.2x	3.2x	2.9x	15.4x	14.6x	11.6x	21.0%	21.8%	25.3%	4.9%	15.2%
NEC Corporation	59.0	96%	16,064	22,085	0.8x	0.8x	0.8x	9.3x	8.4x	7.7x	8.5%	9.7%	9.8%	1.7%	9.6%
EPAM Systems, Inc.	396.7	97%	22,257	21,142	9.3x	8.0x	6.4x	50.1x	40.9x	33.4x	18.5%	19.6%	19.2%	20.3%	22.6%
DXC Technology Company	31.3	98%	7,959	12,182	0.4x	0.7x	0.7x	2.5x	4.9x	4.8x	17.3%	13.9%	15.1%	(23.3%)	(28.3%)
Atos SE	78.1	84%	8,531	10,661	0.8x	0.8x	0.8x	5.2x	5.7x	5.4x	14.7%	13.9%	14.5%	(0.9%)	(1.6%)
Tech Mahindra Limited	13.6	92%	11,844	10,305	2.1x	2.1x	1.9x	12.9x	12.6x	10.3x	16.6%	16.3%	18.4%	6.3%	11.9%
Globant S.A.	207.6	85%	8,284	8,100	12.3x	10.1x	7.6x	63.0x	53.6x	38.9x	19.5%	18.8%	19.6%	27.0%	27.3%
Mean		93%			3.5x	3.2x	2.7x	18.8x	17.1x	14.0x	17.8%	17.6%	18.8%	4.5%	7.6%
Median		94%			2.2x	2.3x	2.3x	12.4x	12.6x	10.3x	18.5%	18.2%	18.8%	3.3%	9.6%
Consultancies															
Accenture plc	276.3	98%	175,598	170,436	3.9x	3.8x	3.4x	23.3x	20.6x	17.8x	16.7%	18.7%	19.1%	7.1%	14.3%
Tata Consultancy Services Limited	43.4	95%	160,675	153,511	7.4x	7.2x	6.3x	28.0x	26.1x	22.0x	26.5%	27.6%	28.6%	8.5%	12.7%
Infosys Limited	18.7	97%	79,367	76,610	6.4x	5.9x	5.3x	26.3x	22.1x	19.2x	24.5%	26.9%	27.4%	10.7%	17.0%
Capgemini SE	170.3	97%	28,677	35,980	2.1x	1.9x	1.8x	13.9x	12.4x	11.5x	15.4%	15.3%	15.4%	9.4%	9.7%
CGI Inc.	83.2	99%	20,618	22,760	2.3x	2.4x	2.3x	12.7x	11.8x	11.4x	18.3%	20.0%	20.2%	0.6%	5.6%
Booz Allen Hamilton Holding Corporation	80.5	80%	11,089	12,494	1.7x	1.6x	1.6x	17.1x	15.2x	14.8x	10.1%	10.3%	10.5%	5.3%	7.7%
Genpact Limited	42.8	96%	8,014	9,310	2.7x	2.5x	2.3x	15.1x	14.1x	12.7x	17.6%	17.9%	18.5%	6.6%	9.2%
Reply S.p.A.	126.6	99%	4,737	4,553	3.2x	3.1x	2.6x	20.0x	19.1x	16.3x	16.1%	16.0%	16.2%	10.3%	10.7%
ICF International, Inc.	87.4	93%	1,650	2,099	1.4x	1.4x	1.4x	15.3x	15.3x	13.9x	9.2%	9.3%	9.7%	2.4%	5.0%
Mean		95%			3.5x	3.3x	3.0x	19.1x	17.4x	15.5x	17.2%	18.0%	18.4%	6.8%	10.2%
Median		97%			2.7x	2.5x	2.3x	17.1x	15.3x	14.8x	16.7%	17.9%	18.5%	7.1%	9.7%
Mean all		93%			3.0x	2.9x	2.6x	18.5x	16.5x	13.6x	17.1%	17.0%	18.1%	6.6%	9.1%
Median all		95%			2.1x	2.2x	2.1x	13.2x	13.5x	11.6x	17.1%	16.4%	18.5%	5.1%	8.5%

Methodology

This report is based on the expert insights of GP Bullhound's worldwide team alongside detailed analysis of investment trends across the global technology landscape. GP Bullhound's Digital Services sector focuses on the full spectrum of digital and marketing services categories, including digital transformation, digital agencies, marketing technology services, data analytics, digital media services, healthcare marketing, and CRM/customer acquisition, among others.

GP Bullhound's Digital Services team

Based in our London and New York offices respectively, Simon Nicholls and Greg Smith head up our Digital Services practice with over 50+ years of experience and have completed over 100 transactions for digital services companies globally.

**SIMON
NICHOLLS**

PARTNER



Simon.Nicholls@gpbullhound.com

**GREG
SMITH**

PARTNER



Gregory.Smith@gpbullhound.com

**ALEC
DAFFERNER**

PARTNER



Alec.Dafferner@gpbullhound.com

**OLIVER
SCHWEITZER**

EXECUTIVE
DIRECTOR



Oliver.Schweitzer@gpbullhound.com

Adam.Birnbaum@gpbullhound.com

EXECUTIVE
DIRECTOR

**ADAM
BIRNBAUM**



Ravi.Ghedia@gpbullhound.com

DIRECTOR

**RAVI
GHEDIA**



Freddie.Dodge@gpbullhound.com

ASSOCIATE

**FREDDIE
DODGE**



Julien.Leze@gpbullhound.com

ANALYST

**JULIEN
LEZE**

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