Goldenhill
International M&A Advisors

Mobile Technology Sector

Quoted Company Analysis

Second Quarter 2014

Buy Side Advisor to InternetQ

With offices in London, San Diego and Buenos Aires, Goldenhill's business is representing and advising our technology focused clients in M&A engagements. Our engagements include providing services to Sellers or Buyers in M&A projects in the UK, USA, Europe, Latin America, Canada, Australia and beyond. We have extensive experience and a specific emphasis in technology businesses and many of our engagements result in cross-border transactions. Please visit our web site at http://www.gtallp.com.

Sector Valuation Metrics

Goldenhill International M&A Advisors

Company	Share Price Local 30-Jun-14	Market Cap ($m)[1]	Net Debt ($m)[2]	Enterprise Value ($m)	Revenue CY14E ($m)	EV/Revenue CY2013	EV/Revenue CY2014E	EV/Revs Recurring	EV/EBITDA CY2013	EV/EBITDA CY2014E	Revenue Growth CY2013	Revenue Growth CY2014E	EBITDA Margin CY2013	EBITDA Margin CY2014E	% Revs Recurring[3]
Selected Large Cap															
Gemalto	75.70	9,121	(620)	8,502	3,525	2.7x	2.4x	12.7x	16.0x	13.3x	9.9%	11.1%	16.7%	18.1%	19%
Monitise	0.52	1,721	(129)	1,592	195	11.2x	8.2x	13.7x	NM	NM	99.8%	48.6%	-34.8%	-28.1%	60%
DeNa	13.70	2,040	(632)	1,408	1,613	0.7x	0.9x	0.9x	2.0x	2.9x	-26.1%	-14.5%	36.0%	29.7%	93%
PayPoint	10.99	1,276	(71)	1,205	240	3.6x	5.0x	6.0x	16.5x	13.9x	2.3%	-38.4%	21.8%	36.0%	84%
Average						**4.6x**	**4.1x**		**11.5x**	**10.1x**			**9.9%**	**13.9%**	**64.0%**
Total (Large Cap)		**14,158**	**(1,451)**	**12,707**											
Selected Mid Cap															
Millennial Media	4.99	533	(99)	434	327	1.7x	1.3x	NA	NM	NM	45.9%	26.1%	-3.5%	-2.4%	NA
Telit Communications	2.16	419	12	431	305	1.8x	1.4x	40.3x	17.1x	12.0x	17.3%	25.4%	10.4%	11.8%	4%
Glu Mobile	5.00	421	(28)	393	164	3.7x	2.4x	3.2x	NM	51.4x	-2.4%	55.4%	-11.9%	4.7%	75%
NetQin Mobile	6.14	379	(4)	375	325	1.9x	1.2x	1.6x	NM	4.1x	114.3%	65.4%	0.7%	27.8%	74%
Globo	0.56	356	(59)	297	135	3.1x	2.2x	27.6x	6.2x	4.5x	60.6%	41.8%	50.3%	49.0%	8%
Average						**2.4x**	**1.7x**		**11.6x**	**18.0x**			**9.2%**	**18.2%**	**40.1%**
Total (Mid Cap)		**2,109**	**(179)**	**1,930**											
Selected Small Cap															
Myriad Mobile	1.96	203	(0)	203	NA	4.7x	NA	NA	NM	NA	-23.3%	NA	-16.2%	NA	NA
Hi Media	2.72	168	16	184	254	0.7x	0.7x	NA	13.2x	13.0x	-1.7%	3.2%	5.7%	5.6%	NA
InternetQ	2.78	189	(9)	181	194	1.3x	0.9x	5.8x	8.1x	6.0x	46.9%	39.7%	16.0%	15.6%	16%
eServGlobal	0.74	177	(2)	175	37	5.6x	4.8x	9.4x	NM	45.5x	6.0%	16.5%	-0.3%	10.6%	51%
Seamless Distribution	30.00	188	(47)	141	62	5.7x	2.3x	9.0x	NM	NM	24.8%	151.6%	-51.9%	-6.6%	25%
Bango	1.13	88	(3)	85	NA	3.5x	NA	NA	72.4x	NA	-2.2%	NA	4.8%	NA	80%
Mobile Tornado Group	0.17	67	5	72	5	17.4x	15.6x	23.6x	23.6x	NM	80.3%	11.3%	73.8%	-51.9%	66%
Cliq Digital	3.18	19	14	33	57	0.5x	0.6x	NA	3.9x	7.6x	-19.2%	-16.7%	12.5%	7.6%	NA
Artilium Group	0.07	24	2	26	18	1.8x	1.4x	1.4x	15.7x	10.8x	212.3%	-2.3%	11.5%	13.2%	100%
Vipera	0.06	21	(1)	21	NA	9.4x	NA	NA	NM	NA	44.5%	NA	-4.2%	NA	93%
Zamano	0.09	14	6	20	NA	0.9x	NA	NA	5.6x	NA	-13.8%	NA	16.7%	NA	NA
Augme Technologies	0.13	20	(1)	19	35	0.7x	0.6x	0.6x	NM	NM	1.8%	36.8%	-54.8%	-17.3%	95%
Yoc	1.91	7	8	15	NA	0.6x	NA	NA	NM	NA	-9.6%	NA	-13.1%	NA	39%
Crimson Tide	0.01	11	(0)	11	NA	5.4x	NA	NA	22.0x	NA	2.1%	NA	24.7%	NA	92%
Mobile Streams	0.20	13	(4)	9	85	0.1x	0.1x	0.2x	1.6x	2.7x	142.3%	0.0%	6.4%	3.7%	48%
Velti	0.05	4	(8)	(4)	150	NM	NM	0.0x	0.1x	NM	42.9%	-45.3%	-29.4%	0.6%	84%
Voltari Corp	1.98	9	(25)	(16)	NA	NM	NA	NA	0.8x	NA	-88.6%	NA	-186.1%	NA	NA
Net Mobile	7.03	120	(153)	(33)	NA	NM	NA	NA	NM	NA	8.0%	NA	2.8%	NA	NA
Average						**3.9x**	**3.0x**		**15.2x**	**14.2x**			**-10.1%**	**-1.9%**	**65.8%**
Total (Small Cap)		**1,345**	**(203)**	**1,142**											
Sector Total		**17,613**	**(1,833)**	**15,779**											

(1) Excludes treasury shares

(2) Net financial debt minus marketable securities and collaterals.

(3) Recurring revenues (maintenance, subscriptions, SaaS etc) where reported for last full year

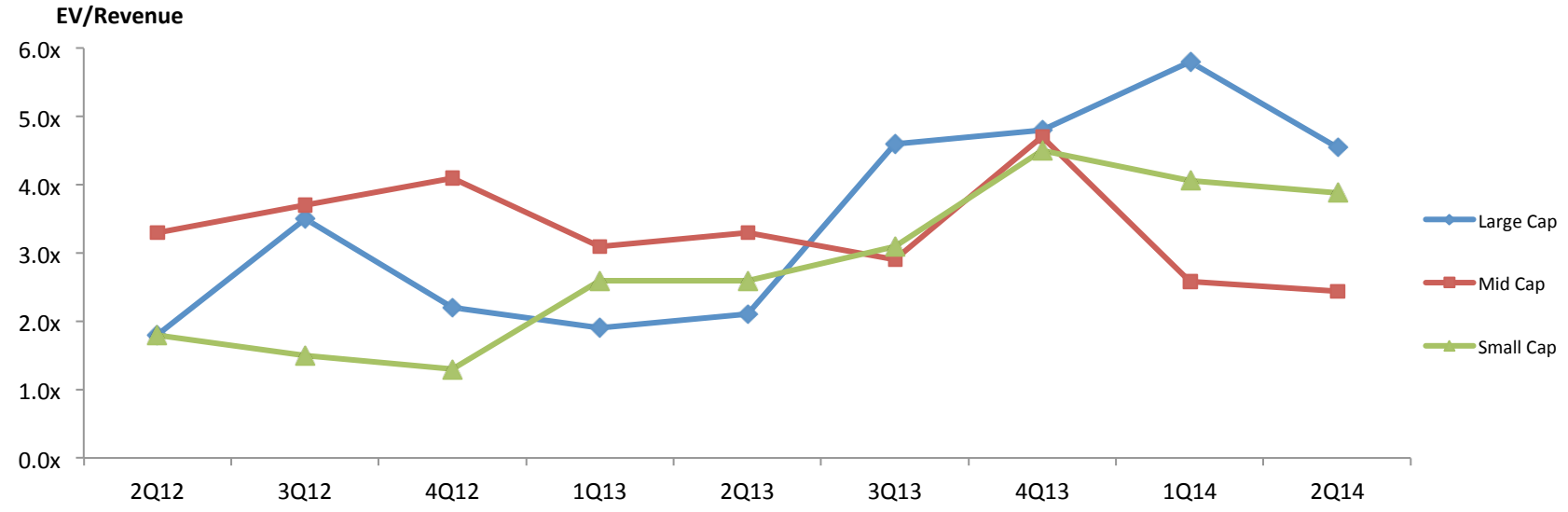
(4) For companies having financial year end as February and March, FY12 and FY13E correspond to FY13/12 and FY14/13 respectively

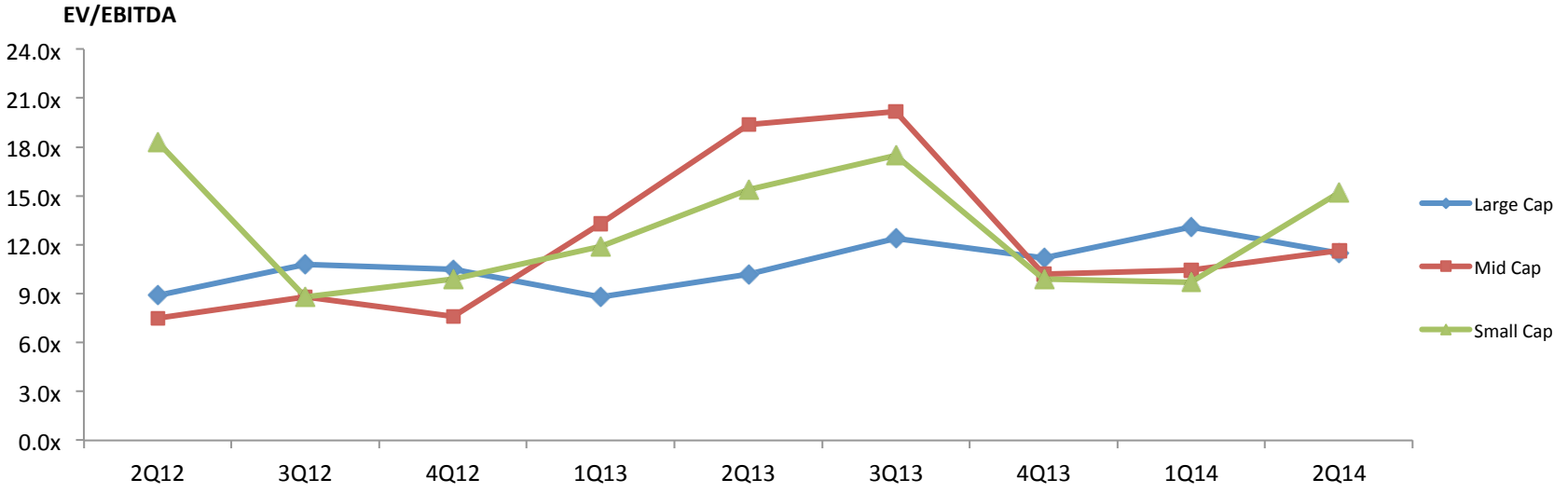
(5) Companies; Probability PLC, on account of it being acquired by GTEC Uk, while Trunkbow International being acquired by a private investor, has been taken-off from the list.

(6) Broca PLC has been removed from the list on account of the change in the nature of business after the sale of 2ergo Ltd to Eagle Eye Solutions Group PLC during the last quarter.

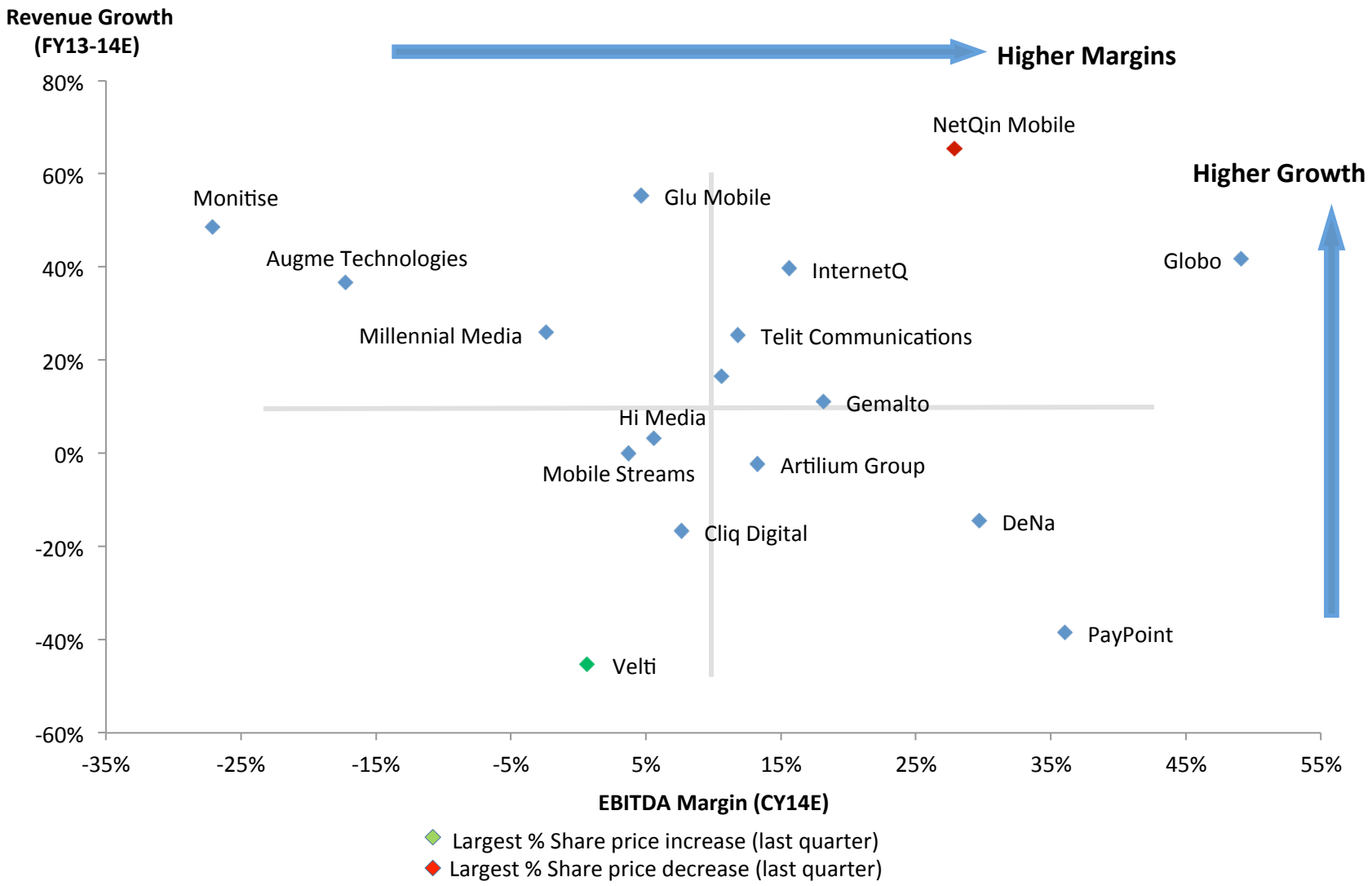
(7) NM - not meaningful and NA - not available

Enterprise Value Analysis

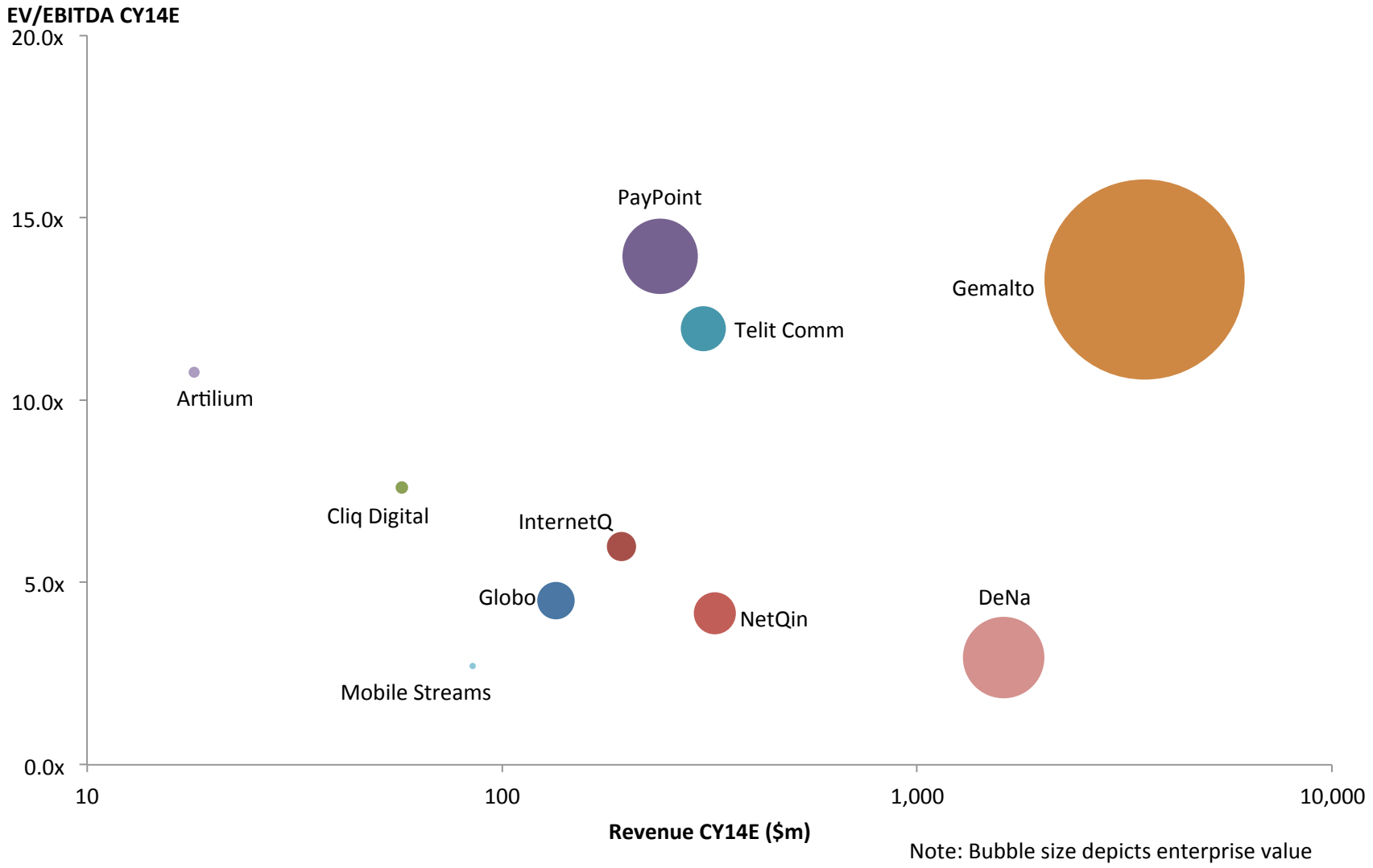


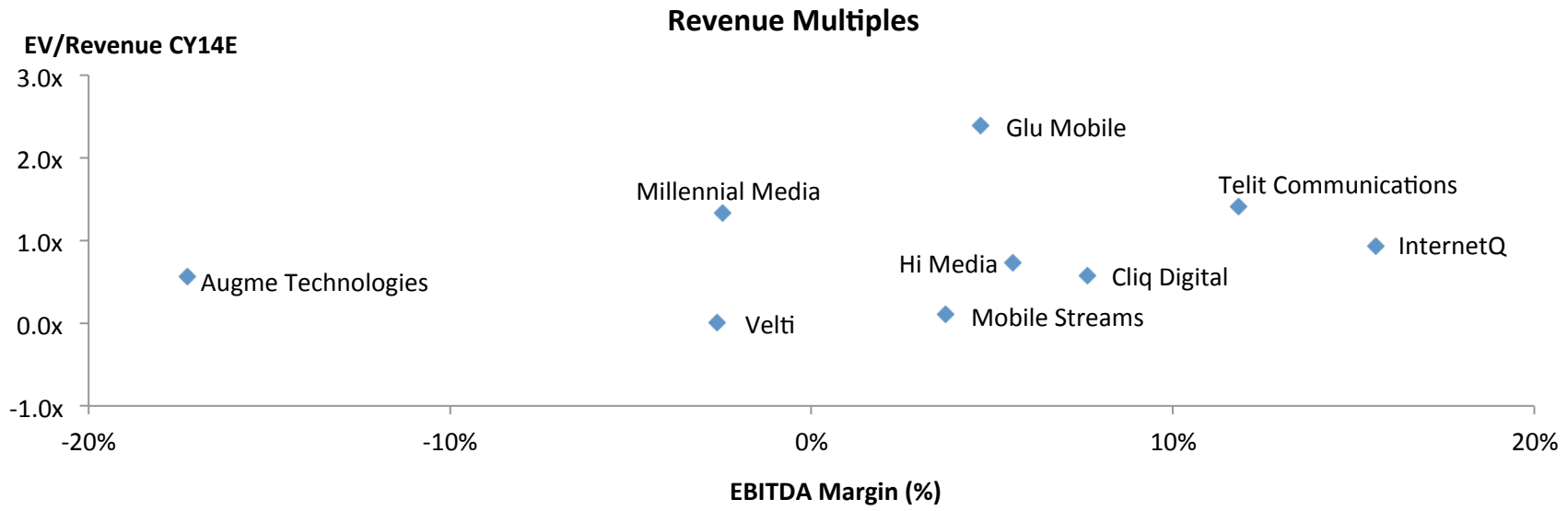


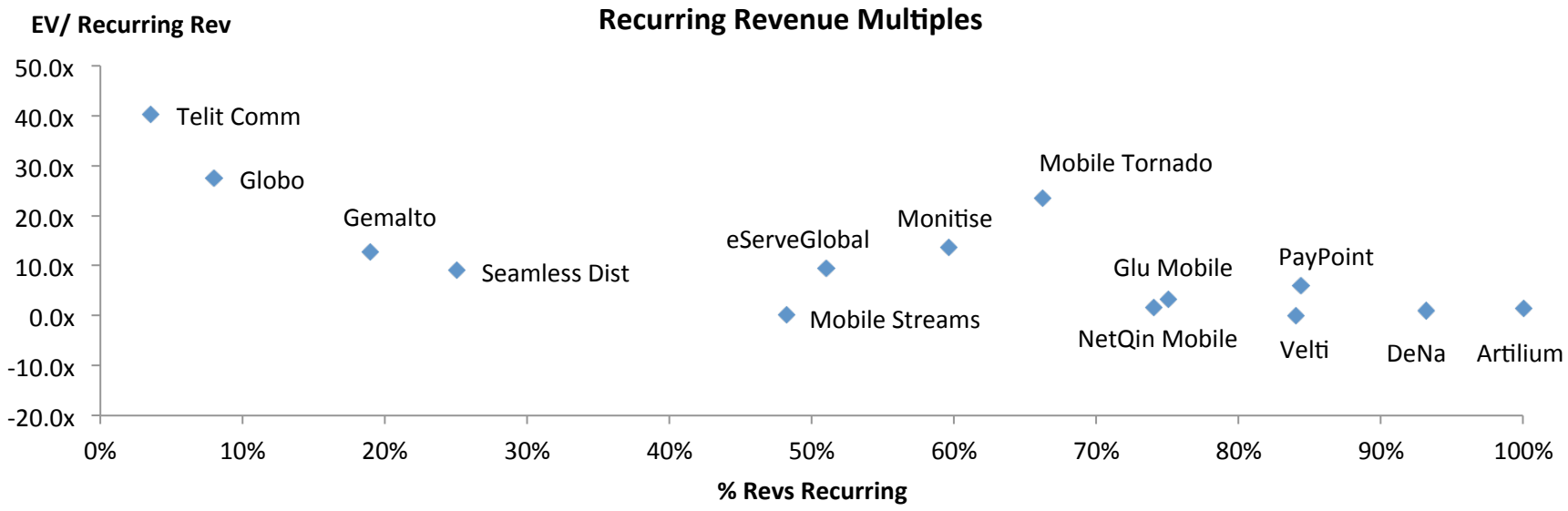
Performance Quadrants: Revenue Growth & Operating Margin

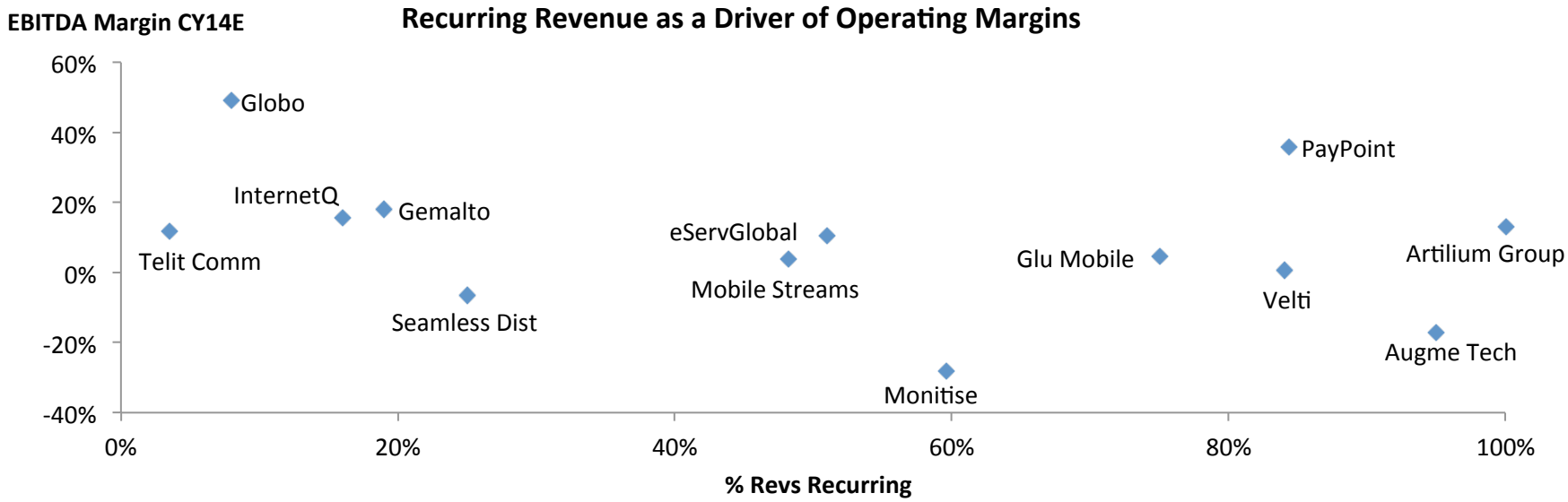


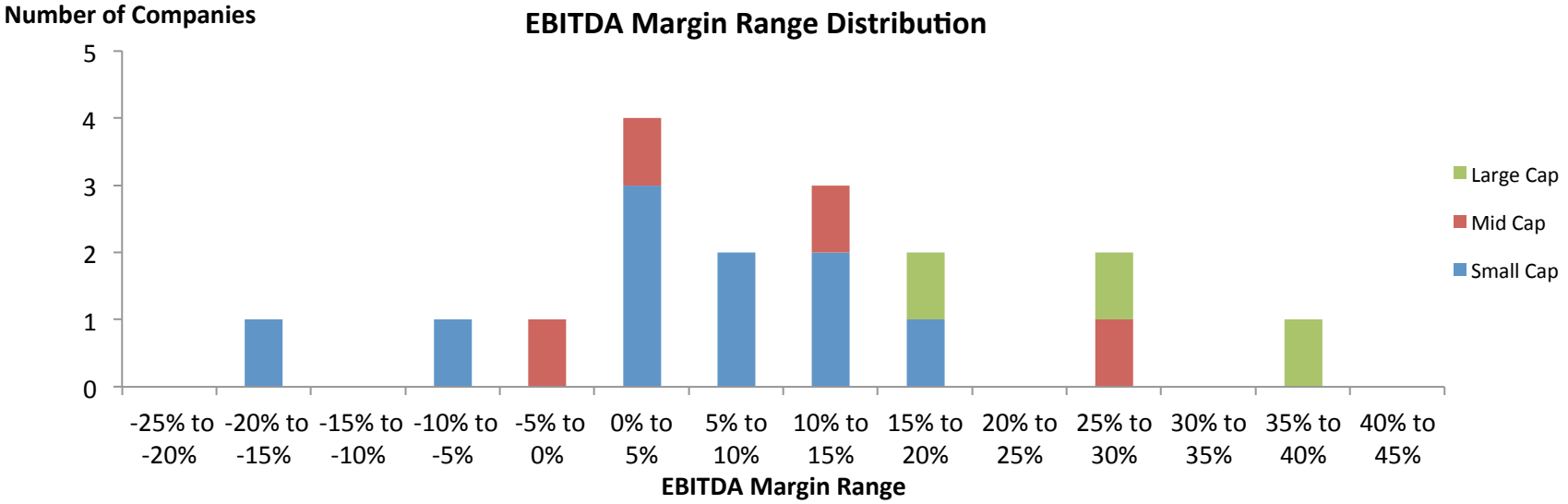
Scale as a Value Driver

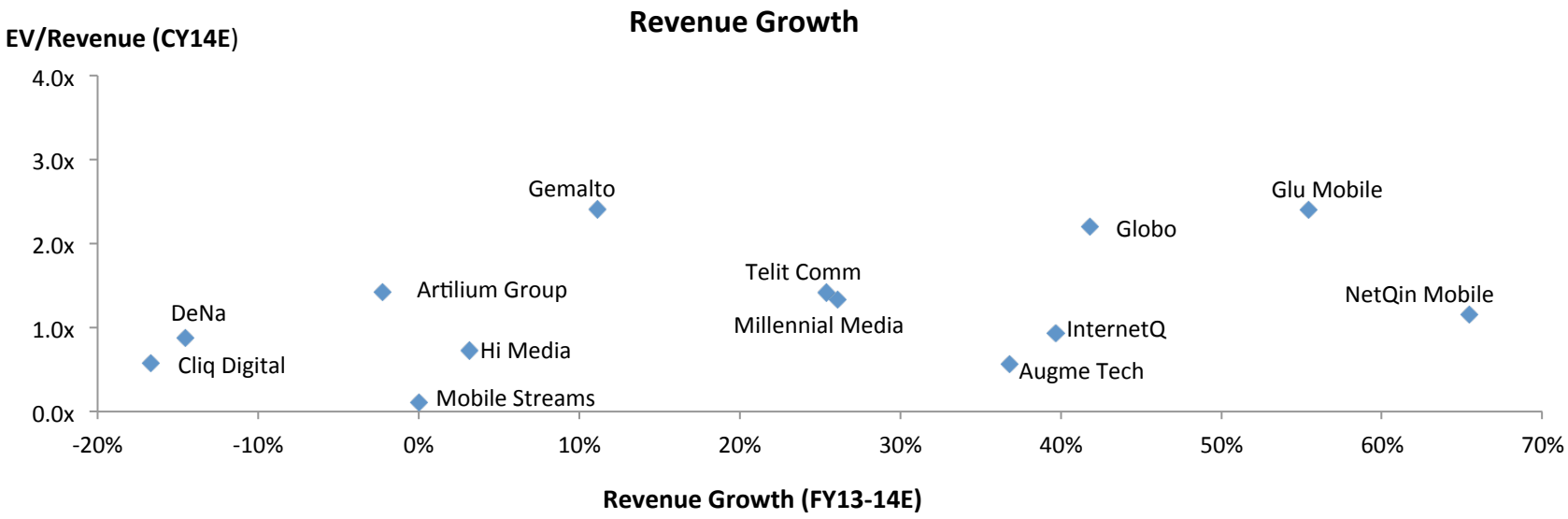


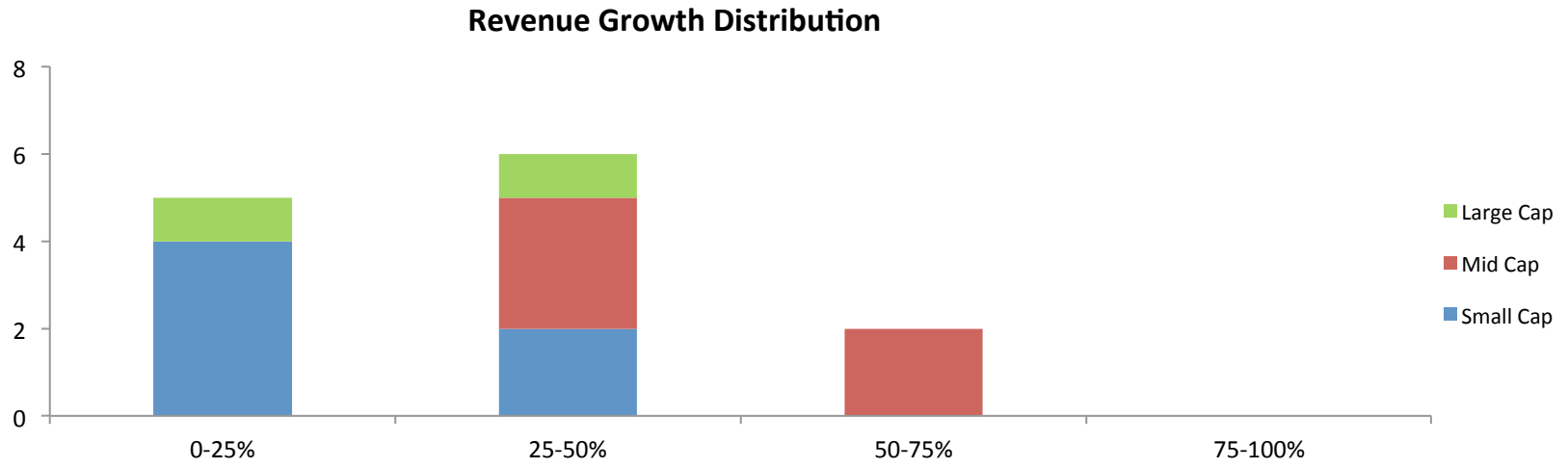

Revenue Multiples
EV/Revenue CY14E
3.0x
2.0x
1.0x
0.0x
-1.0x
-20%
-10%
0%
10%
20%
EBITDA Margin (%)
Glu Mobile
Millennial Media
Telit Communications
InternetQ
Hi Media
Cliq Digital
Augme Technologies
Mobile Streams
Velti


Recurring Revenue Multiples
EV/ Recurring Rev
50.0x
40.0x
30.0x
20.0x
10.0x
0.0x
-10.0x
-20.0x
0%
10%
20%
30%
40%
50%
60%
70%
80%
90%
100%
% Revs Recurring
Telit Comm
Globo
Gemalto
Seamless Dist
eServeGlobal
Monitise
Mobile Tornado
Glu Mobile
PayPoint
Mobile Streams
NetQin Mobile
Velti
DeNa
Artilium


Recurring Revenue as a Driver of Operating Margins
EBITDA Margin CY14E
60%
40%
20%
0%
-20%
-40%
0%
20%
40%
60%
80%
100%
% Revs Recurring
Globo
InternetQ
Gemalto
Telit Comm
Seamless Dist
eServGlobal
Mobile Streams
Monitise
PayPoint
Glu Mobile
Velti
Artilium Group
Augme Tech


EBITDA Margin Range Distribution
Number of Companies
5
4
3
2
1
0
-25% to -20%
-20% to -15%
-15% to -10%
-10% to -5%
-5% to 0%
0% to 5%
5% to 10%
10% to 15%
15% to 20%
20% to 25%
25% to 30%
30% to 35%
35% to 40%
40% to 45%
EBITDA Margin Range
Large Cap
Mid Cap
Small Cap


Revenue Growth
EV/Revenue (CY14E)
4.0x
3.0x
2.0x
1.0x
0.0x
-20%
-10%
0%
10%
20%
30%
40%
50%
60%
70%
Gemalto
Glu Mobile
Globo
Telit Comm
Artilium Group
NetQin Mobile
DeNa
Millennial Media
InternetQ
Hi Media
Cliq Digital
Augme Tech
Mobile Streams
Revenue Growth (FY13-14E)


Revenue Growth Distribution
8
6
4
2
0
0-25%
25-50%
50-75%
75-100%
Large Cap
Mid Cap
Small Cap

Mobile Technology Deals – Second Quarter 2014

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Date Announced	Buyer	Seller	Seller Description	Deal Size	Seller Revenue/ Profit	Revenue Multiple	Target Sector	Commentary
30/06/2014	Globo PLC (England, Greece)	Sourcebits Inc. (Greece)	Designs and develops mobile applications for enterprise customers	Not disclosed (Acquisition of assets)	n/a	n/a	Software development	The acquisition expands Globo's operations in North America and strengthens their mobile application development
27/06/2014	Search Agency, The (USA)	MoFuse (USA)	Provides mobile website creation and optimization SaaS for Web publishers. Software enables small businesses to create and monetize multiple versions of their websites for use by consumers utilizing mobile devices.	Not disclosed	n/a	n/a	Mobile application development	MoFuse will be added into The Search Agency's portfolio of companies, with the platform available for immediate use. With this acquisition, The Search Agency offers a more comprehensive digital marketing solution.
27/06/2014	Unwall International Holding Group BV [aka UIHG] (Netherlands)	PresEn Solutions Sdn. (Malaysia)	Provides a mobile application to enable businesses to post, track and hire applicants via a mobile iOS and Android application. Also enables consumers to search and apply for jobs.	Not disclosed	n/a	n/a	Applications	Unwall International acquired both PresEn Solutions and Relatable in a 'strategic' move to augment its positions as a well diversified holding group.
25/06/2014	Ideagen Plc, England (UK)	EIBS Ltd (England)	Develops proprietary information portal, Internet and mobile solutions for the NHS and numerous public sector, not for profit and commercial organisations	$2.12m (£1.25m) in cash	n/a	0.7x	Content management	Ideagen expands its portfolio with this acquisition and moves the company towards becoming a leader in content management and mobile world in key sectors. It follows earlier acquisitions of Pentana and MSS Management last year.
24/06/2014	Opera Mediaworks [Opera Software ASA] (USA)	AdColony (USA)	Provides mobile video advertising and application monetization software development kit (SDK) to enable video ad placement in mobile applications for app developers, businesses and marketers.	$75m in cash plus potential earn-out payments of up to $275m	$53m	1.4x	Video Advertising	AdColony brings highly differentiated solution to Opera. This transaction, and other investments, results in Opera raising 2014 full year revenue guidance range to $435-460m.
19/06/2014	XM Asia Pacific Pte Ltd (Singapore)	Sofresh Digital Creative Agency (Vietnam)	Develops digital strategy, digital creative ideas and marketing campaigns across multiple digital channels, including social media, mobile and the web	Not disclosed	n/a	n/a	Digital marketing	XM Asia acquires a majority stake in Sofresh. The acquisition is WPP's third in Vietnam in seven months, and marks a further step in strengthening its capabilities in digital media.
16/06/2014	InternetQ Plc, England (England, Greece)	UpMobile (Mexico)	Provides mobile marketing and interactive TV and radio content	Not disclosed	n/a	n/a	Mobile marketing	UP-Mobile will further accelerate InternetQ's growth across Latin America, providing an established platform from which to upsell the Company's mobile marketing products.
12/06/2014	Powa Technologies Ltd. (UK)	MPayMe Ltd. (China)	Provides mobile payment processing, loyalty and rewards programs, and mobile advertising for consumers and businesses globally.	$75m (reported) in stock, paid with 3% of Powa Technologies' stock	$30m (reported)	2.5x (reported)	Application software	The integration of the two companies' technology will bring enhanced functionality to PowaTag's existing applications, expand their global footprint and break into new markets.
12/06/2014	CLX Networks (Sweden)	Voltari (N. America messaging business assets) (USA)	The North American business assets of Voltari, which includes mobile marketing and messaging services for marketers and businesses. Included in the asset transfer are also the employees within the Voltari messaging unit in USA and Canada who will now join the CLX Group in North America.	Not disclosed (Acquisition of assets)	n/a	n/a	Messaging	The acquisition includes direct operator connections in both the USA and Canada. The Voltari messaging unit team in Canada and USA will join the CLX Group in North America.
11/06/2014	Cheetah Mobile, Inc. (China)	Zoom Interactive Co., Ltd. [aka Hong Kong Zoom Interactive] (China)	Provides mobile advertising and search engine marketing (SEM) SaaS and services, with a focus on Google and Facebook ads, for businesses in China.	$24m ($20m in cash and $4m in stock)	n/a	n/a	Applications	The acquisition will enable Cheetah to further expand into the overseas market and explore new opportunities for promoting and monetizing mobile products.

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10/06/2014	Dropbox, Inc. (USA)	MobileSpan, Inc. (USA)	Provides mobile file sharing software to enable employees to securely access corporate content from their mobile devices.	Not disclosed	n/a	n/a	Information management	Acquisition presents an opportunity for Dropbox to take its first step towards supporting on-premises storage. Active development on the MobileSpan product will cease and existing customers will be able to use the product until December 2014. MobileSpan team will join Dropbox.
06/06/2014	Apple, Inc. (USA)	Spotsetter (USA)	Provides a social search application to enable Web, iOS and Android device users to receive recommendations based on location, aggregate personal social network findings and review websites.	Not disclosed	n/a	n/a	Mobile search	The acquisition of Spotsetter was mainly driven by acquiring the technology and talent of the two founders. The technology could be used to improve Apple Maps with features competitor Google lacks
29/05/2014	m2M Strategies, LLC (USA)	GetOne Rewards LLC (USA)	Provides digital loyalty marketing mobile applications and SaaS that enable businesses to track and measure their rewards programs, communicate and market to their customers and send personalized messages and coupons to their mobile phones.	Not disclosed	n/a	n/a	Applications	Fulcrum Equity Partners merges two of its portfolio companies together to create a single franchise marketing system. GetOne moves operations to m2M's Budford headquarters and will continue development of its loyalty platform. Fulcrum Equity Partners will have a seat on m2M's Board of Directors.
28/05/2014	Microsoft Corporation (USA)	Capptain (France)	Provides mobile application marketing software for mobile application owners that uses application usage analytics to target push notifications and in-app advertisements.	Not disclosed	$2m	n/a	Marketing software	Capptain will be integrated into Microsoft's cloud platform Azure. Acquisition boosts Microsoft's marketing capabilities
27/05/2014	Intuit, Inc. (USA)	Check Inc. [fka Pageonce, Inc.] (USA)	Provides Android, BlackBerry, Windows Phone and iOS mobile bill payment software for consumers. Software enables users to monitor bank accounts and set up automatic payments for utilities, mortgages and other recurring bills.	$360m in unspecified combination of cash and other considerations	n/a	n/a	Application software	Transaction accelerates Intuit's ability to offer bill pay across small business and personal finance products and create opportunities to retain, attract and serve additional customers
23/05/2014	Shenzhen Infotech Technologies Co., Ltd (China)	Beijing Emay Softcom Technology Ltd. [aka Emay Softcom] (China)	Provides business-to-mobile messaging, mobile office and marketing software for businesses globally. Software enables wireless office control of ERP, SCM and CRM functions.	$48.61m in stock	($6.2m)	n/a	Mobile messaging software	Shenzhen Infotech aims to set foot in software development and system operation and maintenance in addition to existing financial software service
20/05/2014	Dropbox, Inc. (USA)	Aria Glassworks, Inc. [dba Bubbli] (USA)	Provides a mobile application that enables iOS device users to take photos and convert them into 3D spherical images, called Bubbles. Also enables the recording of related image sounds and sharing via social media. Transaction was reported by TechCrunch on 5/20/14.	Not disclosed	n/a	n/a	Mobile applications	Dropbox will integrate the Bubbli technology into its photo service. The acquisition builds on Dropbox's existing assets in the photo space.
20/05/2014	Havas SA (France)	Work Club Ltd (England)	Provides full services social, mobile, and digital marketing services	Not disclosed	n/a	n/a	IT services & distribution	Work Club boosts Havas' digital offering, following their 'global innovation' strategy. Work Club will become Havas Work Club and form part of the Havas Worldwide UK Group.
19/05/2014	Google Inc. (USA)	Quest Visual, Inc. (USA)	Provides a mobile language translation app called Word Lens for Android, Google Glass and iOS users. Application uses users' smartphone camera to recognize text and then translates the text in real-time. No Internet connection is needed.	Not disclosed	n/a	n/a	Mobile language application	Google will acquire Quest Visual's technology, which will be incorporated into Google Translate in the future. The Quest Visual team will join Google.
13/05/2014	Yahoo! Inc. (USA)	Blink (USA)	Provides a messaging app that allows messages to self-destruct at a set time	Not disclosed	n/a	n/a	Mobile messaging application	All members of Blink team will join Yahoo and the app will be shut down. The acquisition forms part of Yahoo's move to generate more mobile content and advertising revenues. 7 staff.

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09/05/2014	Intel Corporation (USA)	Ginger Software (Israel) Ltd. (personal assistant assets) (Israel)	The personal assistant application assets of Ginger Software, which provides device-based text translation-focused spelling and grammar correction SaaS for Android devices. Also provides a web-based mobile device text entry keyboard.	Reported $20-30m in unspecified consideration	n/a	n/a	Applications	Team behind the development of the Ginger technology are expected to merge into Intel, whilst the rest of the team are expected to continue to develop the company's other products.
06/05/2014	Phunware (USA)	Digby (USA)	Provides location-based mobile marketing software and APIs that enable businesses to integrate location-based mobile marketing into their mobile applications. Software also enables businesses to identify specific important locations and areas. Also provides related analytics software.	Not disclosed	n/a	n/a	Applications	Digby team will join Phunware in an acquisition which enhances Phunware's presence in the retail vertical. The Digby platform will be integrated into the Location Based Services (LBS) module of Digby's multiscreen cloud platform
30/04/2014	Opera Mediaworks Inc. [Opera Software ASA] (USA)	apprupt GmbH (Germany)	Operates an affiliate network for mobile applications which enables developers to market their apps on a pay-per-download basis	Not disclosed	n/a	n/a	Applications	Opera continues to expand its global footprint with this acquisition. The companies will help local advertisers reach a broader audience whilst introducing a range of new capabilities.
28/04/2014	Software AG (Germany)	metaquark GmbH (Germany)	Provides mobile software development software called a mobile enterprise application platform (MEAP), to enable companies to design and develop, test, distribute and manage cross-platform mobile applications through one development interface.	Not disclosed	n/a	n/a	Mobile application development	Metaquark's integration into the Software AG suite is an important development in extending Software AG's agility layer, bringing a new level of speed and decision making to business agility.
24/04/2014	NexJ Systems, Inc. (Canada)	Liberate Ideas, Inc. (Canada)	Provides a mobile iPad point of care patient education application for the healthcare industry. Application enables healthcare providers to educate patients on their conditions and treatment options at the point of care by using this mobile application and through an online service.	$1m ($500,000 in cash and $500,000 in stock)	n/a	n/a	Customer relationship management	Liberate will add point of care education to the NexJ Connected Wellness platform, which already includes patient-friendly shared care plans and personal health coaching. The company is seen as a 'logical step' as it adds Liberate's post visit consideration.
24/04/2014	Facebook [NASDAQ: FB] (USA)	ProtoGeo Oy [dba Moves] (Finland)	Provides a mobile fitness-monitoring application for iOS and Android devices. Application tracks the users steps and time spent walking, jogging and cycling, as well as calculates calories.	Not disclosed	n/a	n/a	Mobile fitness application	Facebook will leave the eight person team to operate Moves as a stand-alone product. The deal follows the latest activity tracker acquisition in the last few years.
24/04/2014	Mercia Fund Management (USA)	Canary Systems Ltd (England)	Provides a solution which allows elderly people to retain independence in their own homes, via a system which uses mobile and wireless technology to monitor daily activities and track movement, heat and light within their home	£0.2m	n/a	n/a	Systems	Mercia provides more than £200,000 of capital as part of seed round funding in a deal which will enable Canary Systems to refine its product ahead of its market launch.
22/04/2014	Sword Group (France)	Mobile Productivity (UK)	Provides mobile and online asset financing quotation and document management applications for the asset finance industry. Software enables brokers and lenders to provide financing quotes, email deal status and calculate payment options from their mobile device.	Not disclosed	n/a	n/a	Asset financing application	Mobile Productivity will complement Sword Group SE's Commercial Asset Finance Business Unit in a deal which will strengthen Sword Group's position in the asset and auto finance industry.

Mobile Technology Deals – Second Quarter 2014

Goldenhill International M&A Advisors

Date Announced	Buyer	Seller	Seller Description	Deal Size	Seller Revenue/ Profit	Revenue Multiple	Target Sector	Commentary
05/04/2014	INSIDE Secure SA (France)	Metaforic Ltd (Scotland)	Develops software obfuscation technologies and encryption-related security software for a variety of industries, including the mobile payment and mobile banking markets	£9.7m in cash	£0.9m	n/a	IT outsourcing	INSIDE Secure view the acquisition as 'superbly aligned with (their) strategy', with Metaforic being complimentary to ltheir existing offerings. The acquisition follows a two year partnership between the companies with INSIDE Secure having licensed Metaforic's technology for its content protection solution. Metaforic will be integrated within INSIDE Secure's Mobile Security division.
02/04/2014	AimShell Acquisitions Plc (England)	Mi-Pay Ltd (England)	Provides payment services and payment expertise to mobile operators, virtual operators, prepaid card providers, financial institutions and media companies	$14.98m (£9.0m) in stock	$5.4m	2.8x	IT outsourcing	Following the reverse takeover of Mi-Pay vy AimShell Acquisitions, the business plans to trade to trade the enlarged group on AIM

Deal facilitated by Goldenhill

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