

CONTENTS

3 Market Highlights

4 Internet Sector Summary

5 Diversified Internet

6 Contents

7 E-commerce

8 Internet Infrastructure

9 Advertising Networks

10 Selected M&A Transactions

12 Corporate Finance Services

13 Contact



2016 Top 25 Firm

as ranked by Accounting Today

2015 Best of the Best Firm

as ranked by Accounting Today

2014 Fastest Growing Firm

as ranked by Inside Public Accounting

**Strategic Thinking.
Sound Insights.
Positive Action.**

Armanino^{LLP} is the largest independent accounting and consulting firm based in California and one of the largest firms in the United States. Armanino provides an integrated set of audit, tax, consulting, business management and technology solutions to companies in the U.S. and globally. Armanino extends its global services to more than 100 countries through its membership in Moore Stephens International Limited—one of the world's major accounting and consulting membership organizations.



MARKET HIGHLIGHTS

The S&P 500 Internet Software & Services (Industry) Index has outperformed the S&P 500 Index over every period analyzed. Specifically, the S&P Internet Software & Services (Industry) Index outperforming the S&P 500 Index over the past 12 and 24 months by a large degree.

The E-commerce sector had the highest median LTM revenue and EBITDA multiples (6.97x and 35.1x, respectively). The Diversified Internet sector had the second highest median LTM revenue and EBITDA multiples (5.77x and 22.6x, respectively). In all sectors, LTM revenue multiples were up over the last 3 months except the Internet Infrastructure Sector. LTM revenue multiples last 12 months were up in all sectors except the Contents and Internet Infrastructure sectors. In all sectors except the Internet Infrastructure and Advertising Networks sectors, LTM EBITDA multiples were up over 3 months. Over the last 12 months, only the Internet Infrastructure sector had a decrease in LTM EBITDA multiple.

Over the last 3 months, all sectors showed improvements in stock prices. But over the last 12 months, all sectors except the Advertising Networks sector showed stock price decline. The E-Commerce sector showed a price increase of 27.4% over the last 3 months and 30.3% over the last 12 months.

The best individual performers in Q3 were Weibo (+76.5%), Zalando (+58.6%), and Rackspace Hosting (+51.9%). The individual companies that declined the most in Q3 were The Rubicon Project (-39.3%), 21Vianet Group (-22.1%), and Leshi Internet Information & Technology (-16.6%).

From an EPS perspective, the best performers in 2015 were Alphabet (\$23.59), Naver (\$14.97), and Baidu (\$14.66). The weakest EPS performers in 2015 were 21Vianet Group (-\$5.12), Rocket Fuel (-\$4.95), and Yahoo! (-\$4.64).

The largest M&A transaction closed during Q3 was the acquisition of Qihoo 360 Technology by a group of private equity and venture capital investors for \$10.5B. Other notable transactions closed during Q3 include the acquisition of Demandware by salesforce.com for \$2.9B, and the acquisition of Marketo by Vista Equity Partners.

In addition, large M&A announcements during Q3 that have not yet closed included the going-private offer for Rackspace Hosting by Apollo Global Management for \$4.4B. VocaLink Holdings was acquired by MasterCard Incorporated for \$1.2B.

Il Hong Yoo, MA, FRM
Internet Industry Analyst

MARKET SECTOR	Median % Change		PEG Ratio	Earnings Ratio	
	Price			LTM	2016E
	3 mo	12 mo	2016E		
Diversified Internet	15.9%	45.9%	1.40x	41.93x	38.29x
Contents	14.1%	5.9%	0.00x	88.33x	61.64x
E-commerce	27.4%	30.3%	1.63x	61.70x	49.49x
Internet Infrastructure	2.9%	(3.6%)	1.48x	26.40x	22.13x
Advertising Networks	4.3%	(8.1%)	1.10x	21.16x	16.93x

EV/REVENUE MULTIPLES

MARKET SECTOR	Median 9/30/16	LTM		NTM
		Median % Change		Median 9/30/16
		3 mo	12 mo	
Diversified Internet	5.77x	12.9%	20.3%	4.98x
Contents	4.59x	12.7%	(9.1%)	3.41x
E-commerce	6.97x	7.7%	0.6%	5.41x
Internet Infrastructure	2.36x	(1.4%)	(7.0%)	1.97x
Advertising Networks	0.73x	1.0%	13.0%	3.41x

EV/EBITDA MULTIPLES

MARKET SECTOR	Median 9/30/16	Median % Change		NTM
		LTM EBITDA Multiples		Median 9/30/16
		3 mo	12 mo	
Diversified Internet	22.6x	9.7%	20.3%	21.59x
Contents	24.1x	25.8%	62.7%	24.56x
E-commerce	35.1x	10.3%	11.3%	21.78x
Internet Infrastructure	13.3x	(6.3%)	(8.8%)	9.85x
Advertising Networks	10.3x	(0.5%)	8.4%	9.05x

INDICIES

	Price 9/30/16	% Change			
		3 mo	6 mo	12 mo	24 mo
S&P 500 Index	2,168.27	3.3%	5.1%	12.9%	9.9%
Dow Jones Industrial Average	18,308.15	2.1%	3.3%	12.4%	7.4%
NASDAQ Composite Index	5,312.00	9.7%	9.1%	15.0%	18.2%
Russell 2000 Index	1,251.65	8.7%	12.7%	13.7%	13.6%
S&P 500 Internet Software & Services (Industry) Index	573.86	13.4%	8.0%	31.9%	41.4%

Source: Capital IQ. (\$ in '000, except per share)

COMPANY	TICKER	Price 9/30/16	% Change		52-Week		Market Cap	Ent Val (TEV)	LTM		NTM		EPS		Earnings Ratio		PEG Ratio 2016E	
			3 mo	12 mo	High	Low			Rev	EBITDA	Rev	EBITDA	2015	2016	LTM	2016		
Diversified Internet																		
Alphabet Inc.	GOOGL	\$804.06	14.3%	26.0%	\$819.06	\$633.50	\$543,405	\$472,734	\$ 81,761	\$ 26,903	\$ 94,659	\$ 39,030	\$ 23.59	\$ 34.22	31.2x	23.5x	1.4x	
Amazon.com, Inc.	AMZN	837.31	17.0%	63.6%	839.95	474.00	396,947	398,267	120,637	10,217	150,027	18,052	1.25	5.81	208.3x	144.9x	2.7x	
Facebook, Inc.	FB	128.27	12.2%	42.7%	135.60	88.37	368,348	345,055	22,160	11,075	31,603	19,841	1.29	3.93	61.3x	32.8x	0.9x	
Tencent Holdings Limited	700	27.46	21.0%	64.6%	28.47	16.90	257,379	255,550	18,769	7,567	25,234	11,026	0.47	0.73	50.1x	38.3x	1.3x	
Baidu, Inc.	BIDU	182.07	10.2%	32.5%	217.97	136.31	63,105	58,301	10,707	2,526	11,712	2,468	14.66	4.68	13.4x	38.8x	1.3x	
Yahoo! Inc.	YHOO	43.10	14.7%	49.1%	44.92	26.15	41,022	35,939	4,894	472	3,510	838	(4.64)	0.49	NM	89.7x	NM	
NetEase, Inc.	NTES	240.78	24.6%	100.4%	254.48	116.42	31,657	27,794	4,730	1,604	6,014	2,151	7.86	13.28	23.0x	19.3x	0.9x	
Naver Corporation	A035420	802.89	30.4%	85.3%	821.07	486.46	23,394	22,041	3,322	976	4,021	1,361	14.97	22.07	41.2x	34.4x	1.0x	
Yahoo Japan Corporation	4689	3.97	(9.8%)	4.7%	5.30	3.95	22,596	19,728	7,366	1,995	8,600	2,367	0.19	0.27	13.2x	NM	NM	
Twitter, Inc.	TWTR	23.05	36.3%	(14.4%)	31.87	13.73	16,140	14,172	2,476	NM	2,666	708	(0.79)	0.50	NM	39.8x	1.6x	
Weibo Corporation	WB	50.14	76.5%	328.9%	52.29	11.36	10,815	10,425	540	NM	713	168	0.16	NA	167.3x	77.8x	1.0x	
58.com Inc.	WUBA	47.66	3.9%	1.3%	70.27	42.57	6,869	6,840	997	NM	1,382	202	(2.14)	(0.32)	NM	NM	NM	
Yandex N.V.	YNDX	21.05	(3.7%)	96.2%	23.87	10.51	6,756	6,135	1,065	322	1,281	432	0.42	0.72	42.7x	30.9x	1.4x	
Zillow Group, Inc.	ZG	34.45	(6.0%)	19.9%	39.99	16.46	6,191	6,001	741	NM	935	187	(0.88)	(0.26)	NM	NM	NM	
Match Group, Inc.	MTCH	17.79	18.0%	0.0%	18.20	0.00	4,478	5,524	1,123	289	NM	NM	0.65	0.73	37.5x	24.0x	1.4x	
IAC/InterActiveCorp	IAC	62.47	11.0%	(4.3%)	73.15	38.82	4,971	5,474	3,252	382	3,171	567	1.33	2.58	NM	24.0x	1.6x	
SINA Corporation	SINA	73.83	42.3%	84.0%	85.24	39.58	5,233	4,249	925	72	1,093	197	0.40	1.04	59.8x	73.1x	1.8x	
Yelp Inc.	YELP	41.70	37.4%	92.5%	41.94	14.53	3,225	2,827	629	NM	792	131	(0.44)	0.67	NM	61.0x	1.6x	
Median			15.9%	45.9%											41.9x	38.3x	1.4x	

EV/REVENUE MULTIPLES

COMPANY	TICKER	TTM		% Change		NTM
		Trailing		3 mo	12 mo	
Diversified Internet						
Alphabet Inc.	GOOGL	5.8x	5.3x	4.8x	9.2%	20.3%
Amazon.com, Inc.	AMZN	3.3x	3.0x	2.5x	10.3%	30.0%
Facebook, Inc.	FB	15.6x	15.5x	16.3x	0.5%	(4.7%)
Tencent Holdings Limited	700	13.6x	12.0x	10.9x	13.5%	24.5%
Baidu, Inc.	BIDU	5.4x	4.8x	4.6x	12.3%	17.4%
Yahoo! Inc.	YHOO	7.3x	6.4x	4.7x	14.4%	57.8%
NetEase, Inc.	NTES	5.9x	5.1x	5.2x	14.1%	13.4%
Naver Corporation	A035420	6.6x	5.6x	4.7x	18.2%	40.8%
Yahoo Japan Corporation	4689	2.7x	3.4x	4.7x	(21.0%)	(43.4%)
Twitter, Inc.	TWTR	5.7x	4.1x	9.0x	38.7%	(36.7%)
Weibo Corporation	WB	19.3x	11.3x	5.3x	70.3%	264.1%
58.com Inc.	WUBA	6.9x	7.3x	15.3x	(6.3%)	(55.0%)
Yandex N.V.	YNDX	5.8x	6.9x	3.4x	(16.3%)	71.9%
Zillow Group, Inc.	ZG	8.1x	8.9x	9.4x	(8.6%)	(13.4%)
Match Group, Inc.	MTCH	4.9x	4.5x	NM	9.3%	NM
IAC/InterActiveCorp	IAC	1.7x	1.5x	1.9x	14.0%	(11.6%)
SINA Corporation	SINA	4.6x	2.9x	1.9x	60.4%	144.6%
Yelp Inc.	YELP	4.5x	3.3x	2.7x	36.1%	65.5%
Median		5.8x	5.2x	4.7x	12.9%	20.3%

COMPANY	TICKER	TTM		% Change		NTM
		Trailing		3 mo	12 mo	
Diversified Internet						
Alphabet Inc.	GOOGL	17.6x	16.2x	14.8x	8.5%	18.8%
Amazon.com, Inc.	AMZN	39.0x	37.7x	42.7x	3.4%	(8.8%)
Facebook, Inc.	FB	31.2x	32.5x	37.5x	(4.0%)	(16.9%)
Tencent Holdings Limited	700	33.8x	30.8x	26.9x	9.7%	25.4%
Baidu, Inc.	BIDU	23.1x	19.0x	15.4x	21.4%	49.7%
Yahoo! Inc.	YHOO	76.1x	50.7x	18.3x	50.0%	315.5%
NetEase, Inc.	NTES	17.3x	15.4x	14.2x	12.3%	21.8%
Naver Corporation	A035420	22.6x	19.9x	15.7x	13.5%	43.8%
Yahoo Japan Corporation	4689	9.9x	11.2x	9.5x	(11.8%)	4.1%
Twitter, Inc.	TWTR	NM	NM	NM	NM	NM
Weibo Corporation	WB	NM	81.6x	NM	NM	NM
58.com Inc.	WUBA	NM	NM	NM	NM	NM
Yandex N.V.	YNDX	19.0x	23.4x	10.3x	(18.5%)	85.4%
Zillow Group, Inc.	ZG	NM	NM	NM	NM	NM
Match Group, Inc.	MTCH	19.1x	18.3x	NM	4.5%	NM
IAC/InterActiveCorp	IAC	14.3x	12.6x	15.2x	13.6%	(5.8%)
SINA Corporation	SINA	59.3x	51.7x	75.4x	14.7%	(21.4%)
Yelp Inc.	YELP	NM	NM	44.3x	NM	NM
Median		22.6x	21.6x	15.7x	9.7%	20.3%

EV/EBITDA MULTIPLES

COMPANY	TICKER	TTM		% Change		NTM
		Trailing		3 mo	12 mo	
Diversified Internet						
Alphabet Inc.	GOOGL	17.6x	16.2x	14.8x	8.5%	18.8%
Amazon.com, Inc.	AMZN	39.0x	37.7x	42.7x	3.4%	(8.8%)
Facebook, Inc.	FB	31.2x	32.5x	37.5x	(4.0%)	(16.9%)
Tencent Holdings Limited	700	33.8x	30.8x	26.9x	9.7%	25.4%
Baidu, Inc.	BIDU	23.1x	19.0x	15.4x	21.4%	49.7%
Yahoo! Inc.	YHOO	76.1x	50.7x	18.3x	50.0%	315.5%
NetEase, Inc.	NTES	17.3x	15.4x	14.2x	12.3%	21.8%
Naver Corporation	A035420	22.6x	19.9x	15.7x	13.5%	43.8%
Yahoo Japan Corporation	4689	9.9x	11.2x	9.5x	(11.8%)	4.1%
Twitter, Inc.	TWTR	NM	NM	NM	NM	NM
Weibo Corporation	WB	NM	81.6x	NM	NM	NM
58.com Inc.	WUBA	NM	NM	NM	NM	NM
Yandex N.V.	YNDX	19.0x	23.4x	10.3x	(18.5%)	85.4%
Zillow Group, Inc.	ZG	NM	NM	NM	NM	NM
Match Group, Inc.	MTCH	19.1x	18.3x	NM	4.5%	NM
IAC/InterActiveCorp	IAC	14.3x	12.6x	15.2x	13.6%	(5.8%)
SINA Corporation	SINA	59.3x	51.7x	75.4x	14.7%	(21.4%)
Yelp Inc.	YELP	NM	NM	44.3x	NM	NM
Median		22.6x	21.6x	15.7x	9.7%	20.3%

Source: Capital IQ. (\$ in '000, except per share)

COMPANY	TICKER	Price 9/30/16	% Change		52-Week		Market Cap	Ent Val (TEV)	LTM		NTM		EPS		Earnings Ratio		PEG Ratio 2016
			3 mo	12 mo	High	Low			Rev	EBITDA	Rev	EBITDA	2015	2016	LTM	2016	
Contents																	
Netflix, Inc.	NFLX	\$ 98.55	7.7%	(4.6%)	\$ 133.27	\$ 79.95	\$ 42,251	\$ 42,790	\$ 7,625	NM	\$ 9,836	\$ 697	\$ 0.28	\$ 0.29	NM	NM	7.8x
Leshi Internet Information & Technology Corp., Beijing	300104	6.63	(16.6%)	3.2%	9.14	6.24	13,148	13,827	2,791	NM	4,329	563	0.05	0.06	143.0x	106.0x	NA
Pandora Media, Inc.	P	14.33	15.1%	(32.8%)	22.20	7.10	3,311	3,261	1,288	NM	1,512	NM	(0.79)	(0.43)	NM	NM	NM
People.cn CO.,LTD	603000	2.83	13.1%	8.7%	3.83	2.10	3,125	2,986	219	NM	226	72	0.04	0.04	81.5x	80.1x	NA
Shutterstock, Inc.	SSTK	63.70	39.1%	110.6%	65.16	25.44	2,231	1,965	464	61	541	108	0.54	1.45	95.2x	43.2x	1.8x
Ateam Inc.	3662	23.23	34.9%	71.7%	23.55	12.72	438	415	227	26	276	39	0.56	0.83	34.5x	0.0x	NA
Median			14.1%	5.9%											88.3x	61.6x	4.8x

EV/REVENUE MULTIPLES

COMPANY	TICKER	TTM		% Change		NTM	
		Trailing		3 mo	12 mo		
Contents							
Netflix, Inc.	NFLX	5.6x	5.5x	7.1x	1.8%	(21.3%)	4.4x
Leshi Internet Information & Technology Corp., Beijing	300104	5.0x	6.7x	9.6x	(26.0%)	(48.1%)	3.2x
Pandora Media, Inc.	P	2.5x	2.2x	4.1x	13.8%	(37.6%)	2.2x
People.cn CO.,LTD	603000	13.6x	12.2x	10.1x	11.6%	35.2%	13.2x
Shutterstock, Inc.	SSTK	4.2x	3.0x	2.2x	41.6%	93.6%	3.6x
Ateam Inc.	3662	1.8x	1.5x	1.8x	18.0%	3.2%	1.5x
Median		4.6x	4.2x	5.6x	12.7%	(9.1%)	3.4x

COMPANY	TICKER	TTM		% Change		NTM	
		Trailing		3 mo	12 mo		
Contents							
Netflix, Inc.	NFLX	5.6x	5.5x	7.1x	1.8%	(21.3%)	4.4x
Leshi Internet Information & Technology Corp., Beijing	300104	5.0x	6.7x	9.6x	(26.0%)	(48.1%)	3.2x
Pandora Media, Inc.	P	2.5x	2.2x	4.1x	13.8%	(37.6%)	2.2x
People.cn CO.,LTD	603000	13.6x	12.2x	10.1x	11.6%	35.2%	13.2x
Shutterstock, Inc.	SSTK	4.2x	3.0x	2.2x	41.6%	93.6%	3.6x
Ateam Inc.	3662	1.8x	1.5x	1.8x	18.0%	3.2%	1.5x
Median		4.6x	4.2x	5.6x	12.7%	(9.1%)	3.4x

EV/EBITDA MULTIPLES

COMPANY	TICKER	TTM		% Change		NTM	
		Trailing		3 mo	12 mo		
Contents							
Netflix, Inc.	NFLX	NM	NM	NM	NM	NM	61.4x
Leshi Internet Information & Technology Corp., Beijing	300104	NM	NM	NM	NM	NM	24.6x
Pandora Media, Inc.	P	NM	NM	NM	NM	NM	NM
People.cn CO.,LTD	603000	NM	80.7x	45.3x	NM	NM	41.8x
Shutterstock, Inc.	SSTK	32.0x	22.1x	16.5x	44.4%	94.2%	18.1x
Ateam Inc.	3662	16.2x	15.1x	12.4x	7.2%	31.1%	10.8x
Median		24.1x	22.1x	16.5x	25.8%	62.7%	24.6x

Source: Capital IQ. (\$ in '000, except per share)

COMPANY	TICKER	Price 9/30/16	% Change		52-Week		Market Cap	Ent Val (TEV)	LTM		NTM		EPS		Earnings Ratio		PEG Ratio 2016E	
			3 mo	12 mo	High	Low			Rev	EBITDA	Rev	EBITDA	2015	2016	LTM	2016		
E-commerce																		
Alibaba Group Holding Limited	BABA	\$105.79	33.0%	79.4%	\$ 109.87	\$58.20	\$264,475	\$267,564	\$17,008	\$ 5,728	\$24,535	\$11,347	\$ 1.57	\$ 2.65	37.3x	NM	NM	
eBay Inc.	EBAY	32.90	40.5%	34.6%	33.19	21.52	37,145	38,113	8,788	3,072	9,130	3,521	1.60	1.88	19.7x	17.1x	2.4x	
Zalando SE	ZAL	41.76	58.6%	26.4%	42.52	25.63	10,325	9,001	3,703	175	4,567	348	0.52	0.59	72.9x	69.3x	2.3x	
Mercadolibre, Inc.	MELI	184.97	31.5%	103.1%	191.76	84.19	8,168	8,070	707	181	NM	NM	2.40	3.06	62.5x	60.8x	2.1x	
Auto Trader Group plc	AUTO	5.28	12.4%	32.9%	5.92	4.01	5,213	5,714	367	225	396	262	0.01	0.18	32.1x	NM	NM	
Start Today Co., Ltd.	3092	17.08	(2.2%)	55.7%	18.69	10.45	5,506	5,413	582	204	715	248	0.23	0.32	42.1x	NM	NM	
JUST EAT plc	JE.	6.98	23.2%	12.4%	7.86	4.16	4,726	4,550	405	114.3	546	145.0	0.05	0.14	94.4x	49.5x	1.0x	
YOOX Net-A-Porter Group S.p.A.	YNAP	30.98	34.2%	3.2%	41.34	21.36	4,141	4,051	1,726	NM	2,362	NM	0.23	0.56	89.3x	55.6x	1.4x	
Cimpress N.V.	CMPR	101.18	9.4%	32.9%	104.18	67.89	3,200	4,011	1,788	230.9	2,079	290.1	2.73	3.87	61.7x	NM	NM	
GrubHub Inc.	GRUB	42.99	38.4%	76.6%	44.58	17.77	3,663	3,393	418	94	547	157.7	0.44	0.85	89.6x	47.6x	1.6x	
Wayfair Inc.	W	39.37	0.9%	12.3%	50.00	28.85	3,346	3,073	2,868	(99.4)	3,960	(89.1)	(0.92)	(1.66)	NM	NM	NM	
Stamps.com Inc.	STMP	94.51	8.1%	27.7%	123.75	68.82	1,632	1,673	287	100	363	151.5	(0.26)	7.16	47.9x	13.3x	0.7x	
Median			27.4%	30.3%											61.7x	49.5x	1.6x	

EV/REVENUE MULTIPLES

COMPANY	TICKER	TTM					NTM
		Trailing		% Change			
		9/30/16	3 mo	12 mo	3 mo	12 mo	
E-commerce							
Alibaba Group Holding Limited	BABA	15.7x	12.4x	10.6x	26.7%	48.5%	10.9x
eBay Inc.	EBAY	4.3x	3.2x	1.5x	34.6%	196.5%	4.2x
Zalando SE	ZAL	2.4x	1.5x	2.4x	58.8%	(0.6%)	2.0x
Mercadolibre, Inc.	MELI	11.4x	9.3x	6.5x	22.4%	75.9%	8.7x
Auto Trader Group plc	AUTO	15.6x	13.9x	15.3x	12.1%	1.9%	14.4x
Start Today Co., Ltd.	3092	9.3x	10.4x	9.4x	(10.8%)	(1.3%)	7.6x
JUST EAT plc	JE.	11.2x	10.9x	13.4x	3.3%	(16.2%)	8.3x
YOOX Net-A-Porter Group S.p.A.	YNAP	2.3x	3.0x	3.0x	(21.8%)	(20.7%)	1.7x
Cimpress N.V.	CMPR	2.2x	2.2x	2.1x	1.2%	9.2%	1.9x
GrubHub Inc.	GRUB	8.1x	6.0x	5.6x	35.7%	44.3%	6.2x
Wayfair Inc.	W	1.1x	1.2x	1.6x	(7.9%)	(32.9%)	0.8x
Stamps.com Inc.	STMP	5.8x	6.3x	6.6x	(7.1%)	(12.0%)	4.6x
Median		7.0x	6.1x	6.1x	7.7%	0.6%	5.4x

EV/EBITDA MULTIPLES

COMPANY	TICKER	TTM					NTM
		Trailing		% Change			
		9/30/16	3 mo	12 mo	3 mo	12 mo	
E-commerce							
Alibaba Group Holding Limited	BABA	46.7x	36.4x	34.9x	28.2%	33.9%	23.6x
eBay Inc.	EBAY	12.4x	9.4x	5.2x	32.3%	138.8%	10.8x
Zalando SE	ZAL	51.5x	46.6x	48.3x	10.3%	6.5%	25.8x
Mercadolibre, Inc.	MELI	44.6x	36.6x	21.0x	21.9%	112.6%	33.8x
Auto Trader Group plc	AUTO	25.4x	21.7x	28.2x	16.8%	(10.0%)	21.8x
Start Today Co., Ltd.	3092	26.6x	29.4x	23.9x	(9.7%)	11.3%	21.8x
JUST EAT plc	JE.	41.2x	47.6x	68.7x	(13.5%)	(40.1%)	25.6x
YOOX Net-A-Porter Group S.p.A.	YNAP	35.1x	44.3x	61.6x	(20.7%)	(43.0%)	19.8x
Cimpress N.V.	CMPR	17.4x	16.2x	15.2x	7.1%	14.7%	13.8x
GrubHub Inc.	GRUB	36.0x	25.8x	19.6x	39.3%	84.0%	21.5x
Wayfair Inc.	W	NM	NM	NM	NM	NM	NM
Stamps.com Inc.	STMP	16.8x	19.6x	27.0x	(14.3%)	(38.0%)	11.0x
Median		35.1x	29.4x	27.0x	10.3%	11.3%	21.8x

Source: Capital IQ. (\$ in '000, except per share)

COMPANY	TICKER	Price 9/30/16	% Change		52-Week		Market Cap	Ent Val (TEV)	LTM		NTM		EPS		Earnings Ratio		PEG Ratio 2016E	
			3 mo	12 mo	High	Low			Rev	EBITDA	Rev	EBITDA	2015	2016	LTM	2016		
Internet Infrastructure																		
Akamai Technologies, Inc.	AKAM	\$ 52.99	(5.3%)	(23.3%)	\$76.39	\$39.43	\$ 9,259	\$ 9,019	\$ 2,270	\$ 708	\$ 2,423	\$ 969	\$ 1.78	\$ 2.56	29.1x	21.4x	1.5x	
VeriSign, Inc.	VRSN	78.24	(9.5%)	10.9%	93.94	70.26	8,353	8,315	1,107	715	1,152	800	2.82	3.49	24.9x	22.1x	2.8x	
Rackspace Hosting, Inc.	RAX	31.69	51.9%	28.4%	32.14	15.05	4,004	4,107	2,073	588	2,100	710	0.87	0.99	27.9x	32.2x	2.0x	
GoDaddy Inc.	GDDY	34.53	10.7%	37.0%	35.53	23.88	2,913	3,686	1,726	169	1,965	451	(0.81)	1.53	NM	23.0x	0.1x	
Wix.com Ltd.	WIX	43.43	43.1%	149.3%	49.49	14.79	1,844	1,716	241	NM	320	47	(1.30)	(0.47)	NM	NM	NM	
Web.com Group, Inc.	WEB	17.27	(5.0%)	(18.1%)	25.00	15.71	808	1,505	608	114	788	192	1.72	2.61	10.7x	6.7x	0.9x	
Gogo Inc.	GOGO	11.04	31.6%	(27.7%)	19.61	7.80	951	1,236	553	55	625	72	(1.35)	(1.64)	NM	NM	NM	
21Vianet Group, Inc.	VNET	7.95	(22.1%)	(56.5%)	21.32	7.95	905	977	554	42	574	40	(5.12)	(0.59)	NM	NM	NM	
Median			2.9%	(3.6%)											26.4x	22.1x	1.5x	

COMPANY	TICKER
Internet Infrastructure	
Akamai Technologies, Inc.	AKAM
VeriSign, Inc.	VRSN
Rackspace Hosting, Inc.	RAX
GoDaddy Inc.	GDDY
Wix.com Ltd.	WIX
Web.com Group, Inc.	WEB
Gogo Inc.	GOGO
21Vianet Group, Inc.	VNET
Median	

EV/REVENUE MULTIPLES						NTM
TTM					% Change	
Trailing						
9/30/16	3 mo	12 mo	3 mo	12 mo		
4.0x	4.3x	5.9x	(7.4%)	(32.1%)	3.7x	
7.5x	8.6x	7.7x	(13.0%)	(2.9%)	7.2x	
2.0x	1.3x	1.8x	47.3%	11.7%	2.0x	
2.1x	2.0x	1.8x	4.6%	20.1%	1.9x	
7.1x	5.0x	3.5x	41.6%	104.8%	5.4x	
2.5x	2.8x	2.8x	(12.5%)	(11.1%)	1.9x	
2.2x	1.8x	3.3x	21.9%	(32.8%)	2.0x	
1.8x	2.8x	3.5x	(36.1%)	(50.3%)	1.7x	
2.4x	2.8x	3.4x	(1.4%)	(7.0%)	2.0x	

EV/EBITDA MULTIPLES						NTM
TTM					% Change	
Trailing						
9/30/16	3 mo	12 mo	3 mo	12 mo		
12.7x	13.8x	17.7x	(7.5%)	(28.0%)	9.3x	
11.6x	13.6x	12.5x	(14.3%)	(7.0%)	10.4x	
7.0x	4.8x	6.7x	43.9%	4.2%	5.8x	
21.9x	22.0x	23.1x	(0.8%)	(5.4%)	8.2x	
NM	NM	NM	NM	NM	36.2x	
13.3x	14.1x	14.5x	(6.3%)	(8.8%)	7.8x	
22.7x	19.7x	60.7x	14.9%	(62.6%)	17.1x	
23.3x	31.9x	26.1x	(27.0%)	(10.9%)	24.3x	
13.3x	14.1x	17.7x	(6.3%)	(8.8%)	9.9x	

Source: Capital IQ. (\$ in '000, except per share)

COMPANY	TICKER	Price 9/30/16	% Change		52-Week		Market Cap	Ent Val (TEV)	LTM		NTM		EPS		Earnings Ratio		PEG Ratio 2016E	
			3 mo	12 mo	High	Low			Rev	EBITDA	Rev	EBITDA	2015	2016	LTM	2016		
Advertising Networks																		
Alliance Data Systems Corporation	ADS	214.53	9.5%	(17.2%)	303.75	176.63	12,556	29,821	6,763	1,552	7,576	2,104	8.85	16.88	26.7x	12.7x	0.9x	
Omnicom Group Inc.	OMC	85.00	4.3%	29.0%	87.50	64.87	20,106	24,318	15,244	2,257	7,613	2,365	4.41	4.75	18.6x	17.5x	2.3x	
The Interpublic Group of Companies, Inc.	IPG	22.35	(3.2%)	16.8%	24.82	18.84	8,956	10,379	7,722	1,050	4,811	1,104	1.09	1.31	18.6x	16.9x	1.3x	
The Rubicon Project, Inc.	RUBI	8.28	(39.3%)	(43.0%)	20.37	8.04	405	218	298	42	17	59	0.01	0.85	23.7x	9.8x	0.6x	
Rocket Fuel Inc.	FUEL	2.64	18.9%	(43.5%)	5.60	2.09	117	130	459	(16)	36	17	(4.95)	(0.60)	NM	NM	NM	
YuMe, Inc.	YUME	3.97	7.9%	53.3%	4.36	2.57	136	74	173	NM	NM	10	(0.49)	0.09	NM	42.0x	NM	
Tremor Video, Inc.	TRMR	1.71	(7.1%)	(8.1%)	2.20	1.29	90	40	165	(13)	NM	(2)	(0.84)	(0.26)	NM	NM	NM	
Median			4.3%	(8.1%)											21.2x	16.9x	1.1x	

COMPANY	TICKER	EV/REVENUE MULTIPLES						NTM
		TTM				% Change		
		Trailing 9/30/16	3 mo	12 mo	3 mo	12 mo	3 mo	
Advertising Networks								
Alliance Data Systems Corporation	ADS	4.4x	4.4x	5.1x	0.1%	(13.1%)	3.9x	
Omnicom Group Inc.	OMC	1.6x	1.5x	1.3x	4.9%	22.6%	3.2x	
The Interpublic Group of Companies, Inc.	IPG	1.3x	1.4x	1.2x	(3.0%)	13.0%	2.2x	
The Rubicon Project, Inc.	RUBI	0.7x	1.8x	3.3x	(59.2%)	(77.6%)	13.2x	
Rocket Fuel Inc.	FUEL	0.3x	0.2x	0.4x	18.1%	(34.7%)	3.6x	
YuMe, Inc.	YUME	0.4x	0.4x	0.2x	12.7%	93.0%	1.5x	
Tremor Video, Inc.	TRMR	0.2x	0.2x	0.2x	1.0%	47.7%	NM	
Median		0.7x	1.4x	1.2x	1.0%	13.0%	3.4x	

COMPANY	TICKER	EV/EBITDA MULTIPLES						NTM
		TTM				% Change		
		Trailing 9/30/16	3 mo	12 mo	3 mo	12 mo	3 mo	
Advertising Networks								
Alliance Data Systems Corporation	ADS	19.2x	18.8x	20.4x	2.0%	(5.6%)	14.2x	
Omnicom Group Inc.	OMC	10.8x	10.3x	8.8x	4.4%	22.5%	10.3x	
The Interpublic Group of Companies, Inc.	IPG	9.9x	10.2x	9.1x	(3.1%)	8.4%	9.0x	
The Rubicon Project, Inc.	RUBI	5.2x	17.7x	NM	(70.5%)	NM	3.7x	
Rocket Fuel Inc.	FUEL	NM	NM	NM	NM	NM	13.2x	
YuMe, Inc.	YUME	NM	NM	NM	NM	NM	7.1x	
Tremor Video, Inc.	TRMR	NM	NM	NM	NM	NM	6.1x	
Median		10.3x	14.0x	9.1x	(0.5%)	8.4%	9.0x	

Source: Capital IQ. (\$ in '000, except per share)

ACQUIRER	TARGET	Date Closed	Headquarters		Enterprise Value	LTM			Enterprise Value / LTM	
			Buyer	Target		Revenue	EBITDA	Revenue	EBITDA	
Selected Internet M&A Transactions Closed Q3 2016 (with Deal Value Disclosed)										
S&P Global Indices UK Limited	Trucost Plc	9/27/2016	United Kingdom	United Kingdom	18,285	4,900	NA	3.7x	NA	
Plus Hosting d.o.o.	InfoNET Projekt d.o.o. (nka:InfoNET d.o.o.)	9/23/2016	Croatia	Croatia	523	340	143	1.5x	3.6x	
Rovi Corporation (nka:TiVo Corporation)	TiVo Solutions Inc.	9/7/2016	United States	United States	1,319,293	470,341	99,789	2.8x	13.2x	
Mitula Group Limited	Dot Property Pte. Ltd.	9/5/2016	Spain	Singapore	8,901	1,289	NA	6.9x	NA	
Rozetta Corporation	anydooR Inc.	9/1/2016	Japan	Japan	13,423	5,581	NA	2.4x	NA	
Vista Equity Partners; et al.	Marketo, Inc.	8/16/2016	NA	United States	1,700,523	226,085	(53,842)	7.5x	NM	
StubHub, Inc.	TICKETBIS S.L.	8/8/2016	United States	Spain	147,000	93,724	NA	1.6x	NA	
Gannett Co., Inc.	ReachLocal, Inc.	8/8/2016	United States	United States	155,128	361,743	(9,002)	0.4x	NM	
Datetix Limited	Lovestruck.com	8/5/2016	Australia	United Kingdom	814	1,721	NA	0.5x	NA	
Defenx Plc	Memopal s.r.l.	8/2/2016	United Kingdom	Italy	2,678	919	415	2.9x	6.4x	
IZEA, Inc.	ZenContent Inc.	7/31/2016	United States	United States	4,473	2,000	NA	2.2x	NA	
Accel-KKR LLC; et al.	SciQuest, Inc.	7/28/2016	NA	United States	378,034	106,307	9,417	3.6x	40.1x	
IDOX plc	Open Objects Software Ltd.	7/26/2016	United Kingdom	United Kingdom	6,850	3,806	827	1.8x	8.3x	
Eckoh Plc	Klick2Contact EU LTD	7/20/2016	United Kingdom	United Kingdom	8,806	1,160	288	7.6x	30.5x	
RNTS Media N.V.	Inneractive Ltd.	7/19/2016	Germany	Israel	72,000	43,200	NA	1.7x	NA	
Qingdao Haili Metal One Co.,Ltd.	Union Mobile Pay Ltd.	7/18/2016	China	China	495,434	106,225	NA	4.7x	NA	
Ping An Insurance (Group) Company of China, Ltd.; et al.	Qihoo 360 Technology Co. Ltd.	7/15/2016	NA	China	10,519,432	1,509,877	368,820	7.0x	28.5x	
CLX Communications AB (publ)	mBlox, Inc.	7/11/2016	Sweden	United States	117,000	140,400	6,900	0.8x	17.0x	
salesforce.com, inc.	Demandware, Inc.	7/8/2016	United States	United States	2,912,858	254,083	(33,691)	11.5x	NM	
B. Riley Financial, Inc.	United Online, Inc.	7/1/2016	United States	United States	66,349	145,290	15,072	0.5x	4.4x	
Median					69,174	68,462	621	2.6x	13.2x	

Source: Capital IQ. (\$ in '000, except per share)

ACQUIRER	TARGET	Date	Headquarters		Enterprise Value	LTM		Enterprise Value / LTM		
		Announced	Buyer	Target		Revenue	EBITDA	Revenue	EBITDA	
Selected Internet M&A Transactions Announced Q3 2016 (with Deal Value Disclosed)										
Google Inc.	Apigee Corporation	9/8/2016	United States	United States	561,766	92,027	(38,506)	6.1x	NM	
Inception Parent, Inc.	Rackspace Hosting, Inc.	8/26/2016	United States	United States	4,404,676	2,073,400	588,400	2.1x	7.5x	
Ascential plc	Oneclickretail.com LLC	8/25/2016	United Kingdom	United States	225,000	4,900	3,400	45.9x	66.2x	
John Wiley & Sons Inc.	Atypen Systems Incorporated	8/18/2016	United States	United States	120,000	31,000	NA	3.9x	NA	
1st Available Ltd	OzDocsOnline Pty Ltd	8/10/2016	Australia	Australia	116	239	NA	0.5x	NA	
Randstad North America, LP	Monster Worldwide, Inc.	8/9/2016	United States	United States	382,832	634,990	75,710	0.6x	5.1x	
Besttone Holding Co.,Ltd.	E-surfing Media Co., Ltd.	7/30/2016	China	China	292,204	198,287	NA	1.5x	NA	
Besttone Holding Co.,Ltd.	Tianyi Reading Culture Dissemination Co., Ltd.	7/29/2016	China	China	106,251	47,478	NA	2.2x	NA	
SNR Corporation Co., Ltd.	InnoGrid Co. Ltd.	7/29/2016	South Korea	South Korea	4,778	4,363	NA	1.1x	NA	
MasterCard Incorporated	Vocalink Holdings Limited	7/21/2016	United States	United Kingdom	1,224,601	240,539	36,742	5.1x	33.3x	
JAPAN Creative Platform Group Co., Ltd.	Crowd Gate Co.,Ltd.	7/7/2016	Japan	Japan	2,844	7,504	NA	0.4x	NA	
Median					225,000	47,478	36,742	2.1x	20.4x	

Source: Capital IQ. (\$ in '000, except per share)

CORPORATE FINANCE SERVICES

The sale of a company can represent the culmination of years of effort by its investors and management. With this in mind, Armanino guides our clients through the sale process, bringing to bear extensive structuring, preparation, negotiation, valuation and corporate finance experience and judgment to optimize value.

Our team has developed its expertise through many M&A, divestiture and strategic partnering transactions for closely-held businesses across most major technology sectors.

Corporate Finance Services include:

- Sell-Side Representation
- Buy-Side Representation
- Intellectual Property and Patents Sales
- Purchaser Representative (SEC Reg 501)

The professionals in our practice have many years of business valuation and corporate finance experience with companies in every major industrial sector and size to deliver superior results for private technology companies in Silicon Valley.

SELL SIDE M&A ADVISORY

We help companies pursuing a sale or merger involving all or part of their business, as well as organizations interested in partial divestitures of a division or assets. We provide end-to-end strategic advisory, introducing the company to potential acquirers and managing a rigorous process to optimize competition, achieve strategic valuations and successfully close transactions.

BUY SIDE M&A ADVISORY

We represent clients pursuing strategic acquisitions, such as asset purchases, mergers, and intellectual property procurements. Our financial advisory includes market analyses, target identification, financial modeling, deal negotiations, preliminary due diligence and final negotiation of the definitive agreements.

IP AND PATENT SALES

Armanino is among Silicon Valley's most experienced financial advisory firms for technology companies that seek to monetize assets including intellectual property (IP).

PURCHASER REPRESENTATIVE SERVICES

A Purchaser Representative may be necessary in merger and acquisition transactions where the consideration is not all cash, but includes securities that are not registered with the SEC.

CONTACT

CORPORATE FINANCE

*Sell-Side and Buy-Side Advisory,
IP & Patent Sales, Purchase Representative*

Gunther Hofmann, CFA, CVA
Director

44 Montgomery Street, Suite 900
San Francisco, CA 94104

gunther.hofmann@armaninollp.com

+1 667 800 6773

TRANSACTION ADVISORY

Due Diligence, Post Merger Integration

John Dunican, CPA
Partner

12657 Alcosta Blvd., Suite 500
San Ramon, CA 94583

john.dunican@armaninollp.com

+1 925 498 1902

VALUATION

*Purchase Price Allocation, M&A Valuation
409A Valuation, Gift & Estate Tax*

Alex Florea
Account Executive

50 West Fernando Ave., Suite 500
San Jose, CA 95113

alex.florea@armaninollp.com

+1 669 800 6771

AUDIT

Matthew Perreault, CPA
Partner

12657 Alcosta Blvd., Suite 500
San Ramon, CA 94583

matt.perreault@armaninollp.com

+1 925 790 2755

TAX

David Sordello, CPA
Partner

50 West Fernando Ave., Suite 500
San Jose, CA 95113

david.sordello@armaninollp.com

+1 408 200 6403

GENERAL

info@armaninollp.com

Toll Free from U.S. and Canada
844 582 8883

Outside the U.S.
925 790 2600