



# Mobile Technology Sector

## Quoted Company Analysis

**Fourth Quarter 2013**



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

Company	Share Price Local	Market Cap	Net Debt	Enterprise	Revenue		EV/Revenue		EV/Revs		EV/EBITDA		Revenue Growth		EBITDA Margin		% Revs
	31-Dec-13	(\$m) <sup>(1)</sup>	(\$m) <sup>(2)</sup>	Value (\$m)	CY13E (\$m)	CY2012	CY2013E	Recurring	CY2012	CY2013E	FY2012 <sup>(4)</sup>	FY2013E <sup>(4)</sup>	CY2012	CY2013E	Recurring <sup>(3)</sup>		
<b>Selected Large Cap</b>																	
Gemalto	80.01	9,710	(460)	9,251	3,302	3.2x	2.8x	16.0x	21.0x	16.9x	2.9%	14.3%	15.3%	16.5%	18%		
DeNA	2212.00	3,175	(724)	2,450	1,991	1.1x	1.2x	NA	2.6x	3.5x	32.0%	-25.0%	41.4%	35.7%	NA		
Monitise	0.67	1,822	(129)	1,693	151	19.8x	11.2x	19.0x	NM	NM	99.8%	64.9%	-36.3%	-18.1%	59%		
PayPoint	10.11	1,137	(71)	1,066	267	3.3x	4.0x	NA	14.9x	13.2x	3.2%	-25.5%	21.9%	30.2%	NA		
<b>Average</b>						<b>6.8x</b>	<b>4.8x</b>		<b>12.8x</b>	<b>11.2x</b>			<b>10.6%</b>	<b>16.1%</b>	<b>38.3%</b>		
<b>Total (Large Cap)</b>		<b>15,844</b>	<b>(1,384)</b>	<b>14,460</b>													
<b>Selected Mid Cap</b>																	
NetQin Mobile	14.70	765	(26)	738	192	8.0x	3.8x	5.2x	NM	11.4x	125.6%	109.0%	4.2%	33.7%	74%		
Millennial Media	7.27	772	(137)	635	253	3.6x	2.5x	NA	NM	NM	71.4%	42.3%	-1.2%	1.0%	NA		
Globo	0.60	370	(19)	351	103	5.9x	3.4x	42.7x	10.3x	6.0x	-6.2%	74.0%	57.6%	57.0%	8%		
Telit Communications	1.77	305	13	318	240	1.5x	1.3x	NA	21.8x	13.2x	16.9%	15.7%	7.0%	10.0%	NA		
Seamless Distribution	49.30	315	(2)	313	21	15.8x	14.6x	NA	NM	NM	114.6%	8.2%	-20.7%	-41.8%	NA		
Glu Mobile	3.88	303	(22)	280	104	3.2x	2.7x	NA	NM	NM	32.2%	19.4%	-10.3%	-7.1%	NA		
<b>Average</b>						<b>6.3x</b>	<b>4.7x</b>		<b>16.1x</b>	<b>10.2x</b>			<b>6.1%</b>	<b>8.8%</b>	<b>41.0%</b>		
<b>Total (Mid Cap)</b>		<b>2,829</b>	<b>(194)</b>	<b>2,635</b>													
<b>Selected Small Cap</b>																	
InternetQ	2.96	191	(9)	182	136	1.9x	1.3x	8.4x	13.4x	8.4x	35.4%	43.8%	14.4%	16.0%	16%		
eServGlobal	0.79	179	4	182	31	6.2x	5.9x	12.5x	NM	29.7x	6.0%	8.7%	-12.4%	19.7%	47%		
Hi Media	1.87	116	34	150	250	0.6x	0.6x	NA	8.3x	8.6x	-21.8%	-0.1%	7.2%	7.0%	NA		
Net Mobile	8.17	140	4	144	NA	0.9x	NA	NA	11.7x	NA	8.0%	NA	7.7%	NA	NA		
Myriad Mobile	1.36	141	3	143	NA	2.5x	NA	NA	NM	NA	-7.8%	NA	-24.5%	NA	47%		
Mobile TorNAdo Group	0.27	102	5	107	4	46.4x	26.5x	40.0x	NM	NM	-29.8%	75.1%	-93.7%	-68.0%	66%		
Bango	1.38	104	(3)	101	NA	NA	NA	NA	NA	NA	-17.2%	NA	NA	NA	90%		
Augme Technologies	0.45	70	(11)	58	30	2.4x	2.0x	2.1x	NM	NM	119.2%	16.4%	-219.3%	-60.8%	95%		
Trunkbow InterNatioNAl	1.32	49	0	49	NA	1.4x	NA	NA	3.3x	NA	19.6%	NA	42.6%	NA	12%		
Aspiro	0.87	47	-	47	NA	1.1x	NA	NA	NM	NA	15.3%	NA	-30.1%	NA	77%		
Cliq Digital	2.93	18	24	42	71	0.5x	0.6x	0.7x	2.9x	3.8x	74.4%	-16.2%	16.7%	15.5%	84%		
Mobile Streams	0.66	40	(3)	38	96	0.6x	0.4x	0.8x	6.9x	4.4x	142.3%	25.8%	9.1%	8.9%	48%		
Artillum Group	0.08	28	2	29	17	3.0x	1.8x	3.3x	NM	14.0x	212.3%	28.0%	-14.6%	12.5%	53%		
Yoc	1.93	8	10	18	NA	0.6x	NA	NA	NM	NA	5.1%	NA	-13.3%	NA	39%		
Probability	0.36	20	(5)	15	13	1.1x	1.1x	NA	NM	NM	40.6%	-2.7%	-7.9%	-15.9%	NA		
Zamano	0.09	15	(0)	15	NA	0.6x	NA	NA	3.7x	NA	18.2%	NA	16.2%	NA	NA		
Zergo Group	0.02	15	(1)	14	NA	NA	NA	NA	NA	NA	-18.8%	NA	NA	NA	NA		
Vipera	0.07	15	(1)	14	NA	9.0x	NA	NA	NM	NA	45.8%	NA	-52.4%	NA	11%		
Crimson Tide	0.02	12	(0)	12	2	6.0x	5.2x	5.7x	37.7x	NA	-0.1%	15.4%	16.0%	NA	92%		
Velti	0.06	5	(8)	(3)	148	NM	NM	0.0x	NM	0.1x	42.9%	-45.3%	1.9%	-29.4%	84%		
Voltari Corp	3.43	16	(29)	(13)	NA	NM	NA	NA	NM	NA	-7.9%	NA	15.2%	NA	NA		
<b>Average</b>						<b>5.0x</b>	<b>4.5x</b>		<b>11.0x</b>	<b>9.9x</b>			<b>-16.9%</b>	<b>-9.4%</b>	<b>57.3%</b>		
<b>Total (Small Cap)</b>		<b>1,329</b>	<b>14</b>	<b>1,343</b>													
<b>Sector Total</b>		<b>20,002</b>	<b>(1,563)</b>	<b>18,439</b>													

(1) Excludes treasury shares

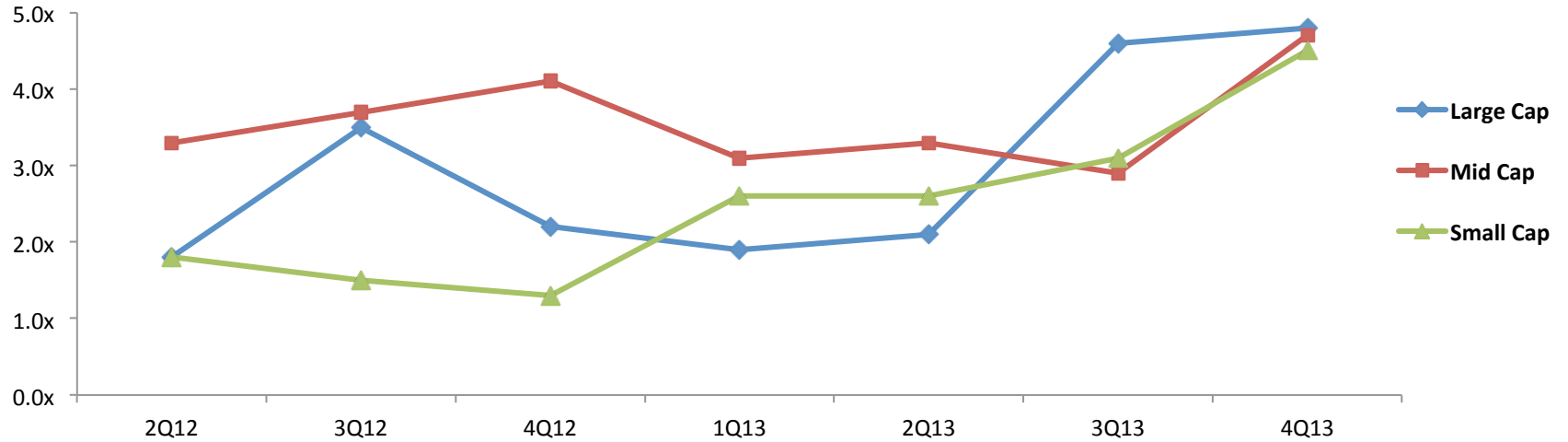
(2) Net fiNAncial debt minus marketable securities and collaterals.

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

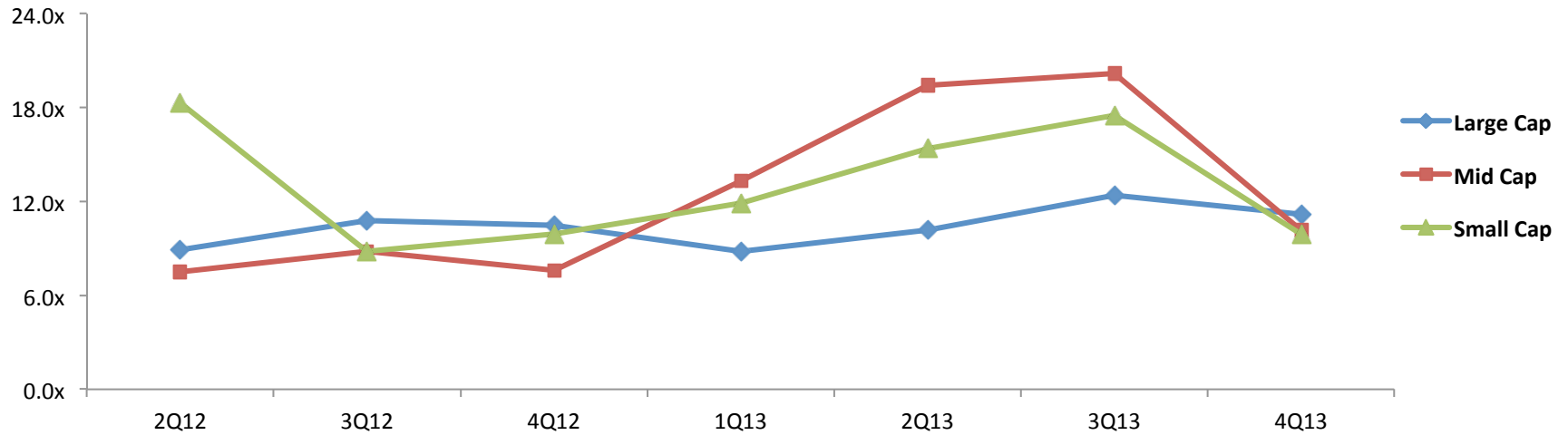
(4) For companies having fiNAncial year end as February and March, FY12 and FY13E correspond to FY13/12 and FY14/13 respectively

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

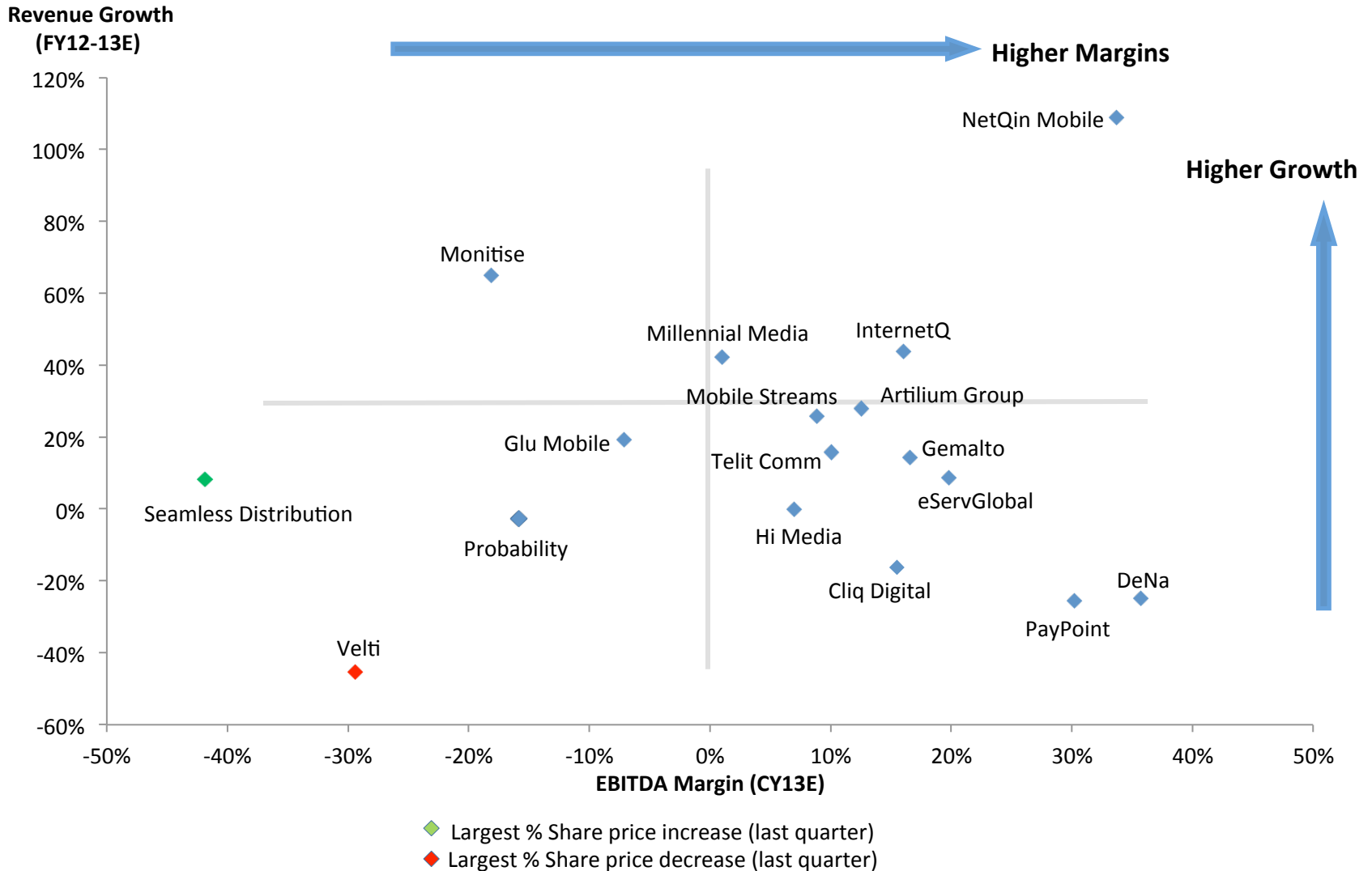
EV/Revenue CY E



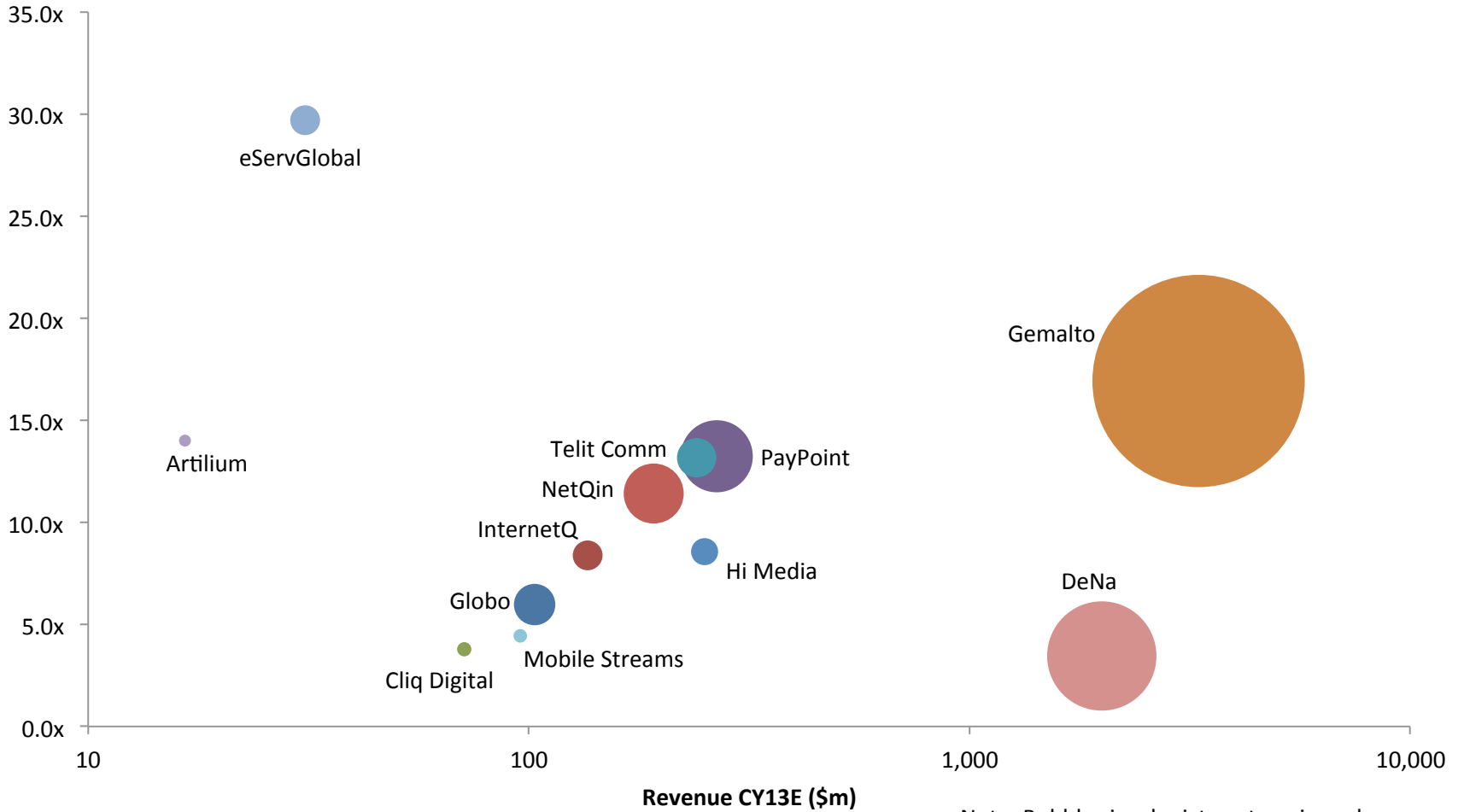
EV/EBITDA CY E



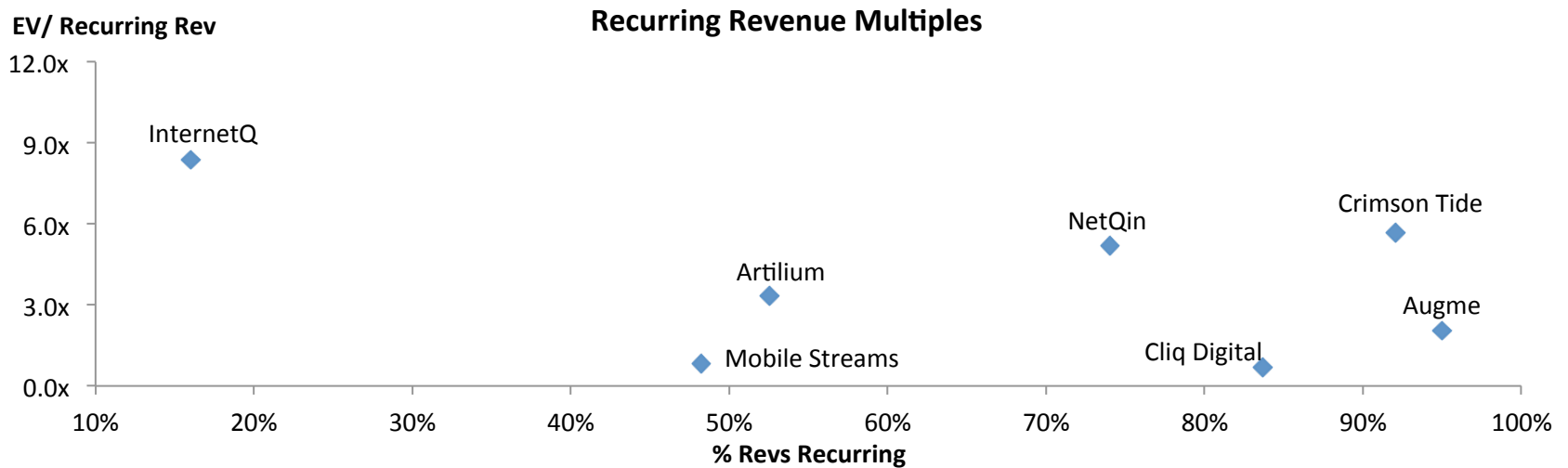
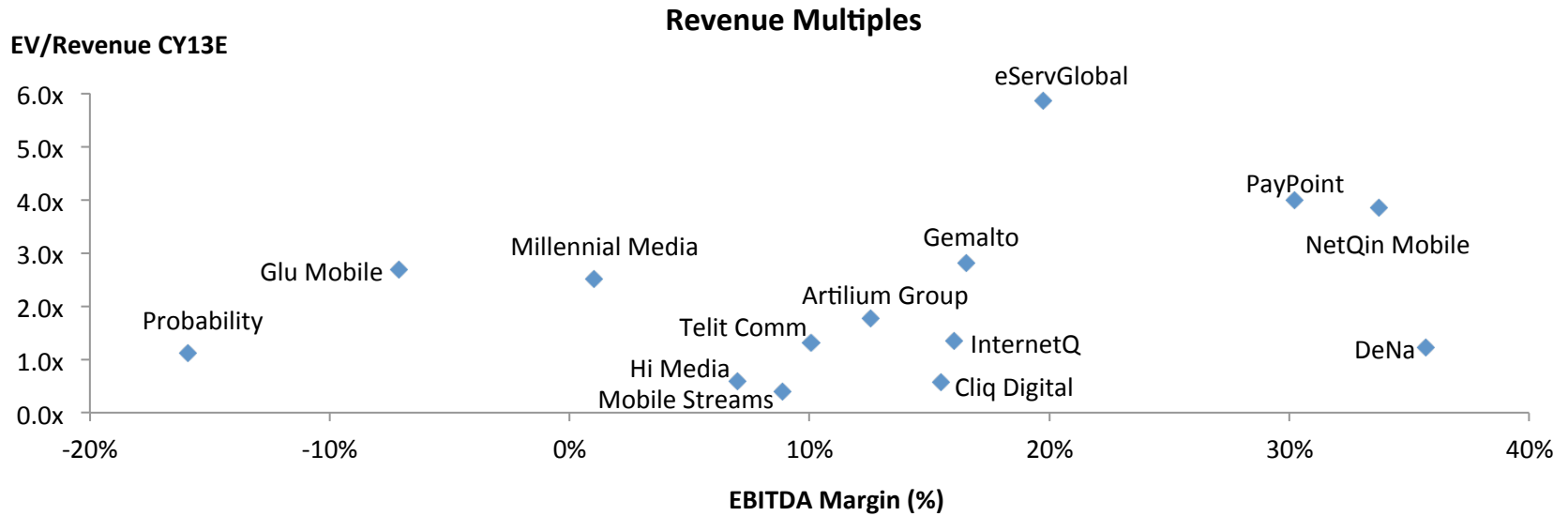
# Performance Quadrants: Revenue Growth & Operating Margin



## EV/EBITDA CY13E

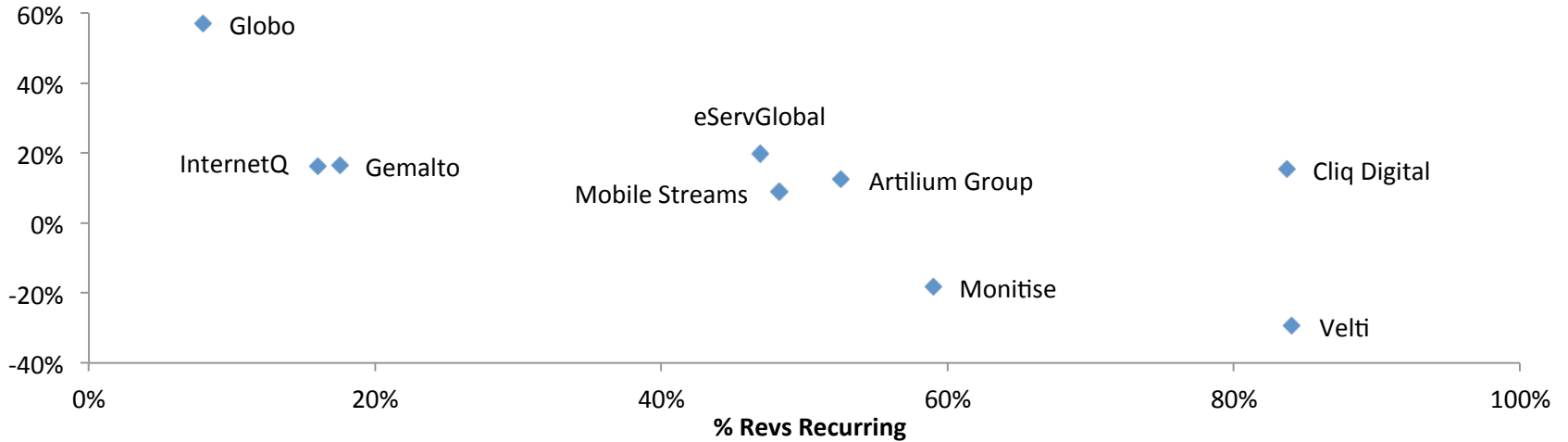


Note: Bubble size depicts enterprise value



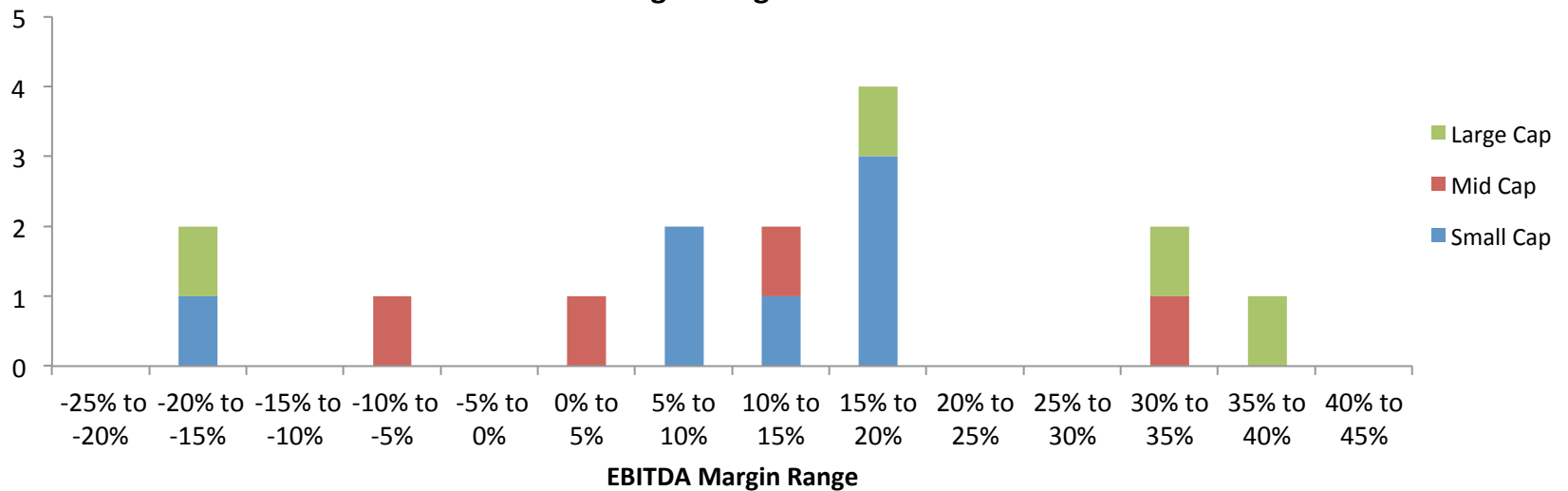
EBITDA Margin CY13E

Recurring Revenue as a Driver of Operating Margins

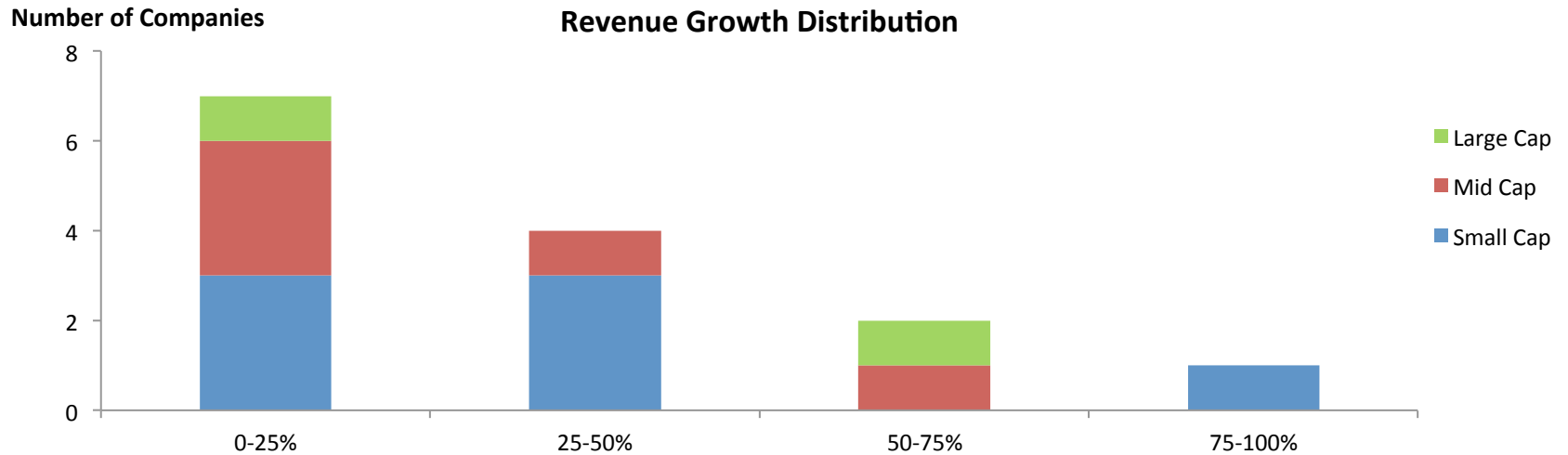
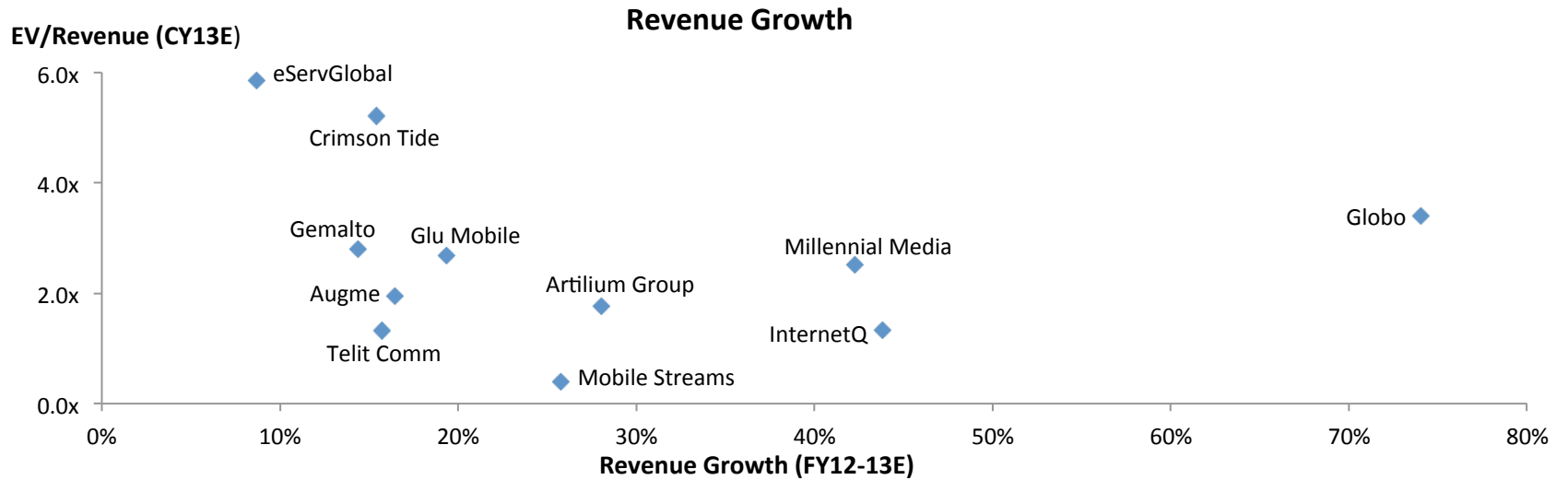


Number of Companies

EBITDA Margin Range Distribution







# Mobile Technology Deals – Fourth Quarter 2013


Date Announced	Buyer	Seller	Seller Description	Deal Size	Seller Revenue/Profit	Revenue Multiple	Target Sector	Commentary
1/13/2014	InternetQ	Interacel Holdings	Provides consumers with pay-per-text mobile community messaging services across 11 countries in Latin America.	Not disclosed	Revenue \$4m	n/a	Mobile Content	Acquisition will accelerate Internet Q's growth across Latin America, providing an established platform from which it can upsell its mobile marketing, music stream and advertising services.
23/12/2013	Apple Inc. (USA)	Catch.com, Inc. (USA)	Provides a mobile application that enables iOS and Android device users take notes via their mobile device. Also enables related mobile team collaboration. Transaction was reported by 9to5mac.com on 12/23/13.	Not disclosed	n/a	n/a	Mobile Application	Rumored acquisition follows the closing of Catch in August. Apple are yet to confirm the transaction but commented that they buy smaller technology companies from time to time without discussing the reasoning behind this.
17/12/2013	Cisco Systems, Inc. (USA)	Kibits Corp. [dba Collaborate.com] (USA)	Provides cloud-based Android and iOS mobile and Web team collaboration, file sharing and task management software for businesses.	Not disclosed	n/a	n/a	Cloud-based team collaboration software	The acquisition helps Cisco to capture the market transition in mobility and cloud. Collaborate's team and technology will join Cisco to provide a solution that will accelerate Cisco's innovation in Collaboration.
17/12/2013	Facebook [NASDAQ: FB] (USA)	SportStream, Inc. (USA)	Provides embeddable Web and mobile SaaS for sports organizations, broadcasters and content companies to embed social media sports mentions content in their websites. Software aggregates and analyzes sports mentions from social media channels and websites. Also provides iOS and Android apps for consumers. SportsStream was spun out of Evri in 2012.	Not disclosed	n/a	n/a	Social software	Facebook acquires SportStream in a deal which is part of Facebook's ongoing move towards becoming a real-time social content provider, much like rival Twitter. SportStream's team will join Facebook.
09/12/2013	Guard Systems ASA (Norway)	ePocket Solutions SA (Norway)	Provides mobile workforce management software for businesses in a variety of industries, such as telecom, utilities, maintenance and manufacturing. Software includes work order information, materials inventory tracking and usage, signatures and GPS mapping features.	\$12.01m in notes	n/a	1.0x	Mobile workforce management software	Acquisition accelerates Guard Systems' strategy to expand its business within the Field Service Management space and provides them with immediate cross-selling opportunities into ePocket's strong customer base and vice versa. Majority acquisition (94%). 70 staff.
09/12/2013	Yahoo! Inc. (USA)	Quik.io [aka QuikIO] (USA)	Provides Web and mobile applications that enable Windows and Apple computer users to transfer videos, music, photos and other files from their computers to their iPhone or iPad. Transaction was reported by PandoDaily on 12/9/13.	Not disclosed	n/a	n/a	Media file transfer application	Yahoo! Buys QuickIO as part of its ongoing acquisition streak. Acquisition will not include product which will be shut down and Yahoo! has not commented on its plans for QuickIO. 3 staff.
03/12/2013	Yahoo! Inc. (USA)	DWA Investments, Inc. [dba Ptch] (USA)	Provides a social video creation and sharing application, enabling users to remix their smartphone photos and videos with music and special effects and share with other users via social networks.	Not disclosed	n/a	n/a	Photo application	The team from Ptch will join Yahoo! In an acqui-hire where they'll be able to focus efforts and leverage technology to further improve Yahoo's services. Ptch's product will be shut down.
03/12/2013	Blinkx [AIM: BLNX] (UK)	Rhythm NewMedia Inc. (USA)	Operates a mobile video advertising network, selling and serving mobile videos on smartphones and tablets to consumers, for advertisers and businesses.	\$55,000,000 in cash and stock, plus retention payments of up to \$10m (retention payments not included in deal value)	n/a	2.2x	Mobile software	Blinkx view the acquisition as a 'perfect strategic alignment' which allows them to take the opportunity of the developing video market in the advertising industry. Rhythm's team will join Blinkx.
03/12/2013	Square, Inc. (USA)	Viewfinder (USA)	Provides a mobile application and online service that enable users to store, tag, title and share their photos. Photos are categorized and searchable by date and place.	Not disclosed	n/a	n/a	Mobile payments	Viewfinder team joins the Square New York office as part of their goal to triple the size of the engineering team. They will also help to build Square's mobile applications. The deal was for the people as well as some of the company assets. 10 staff.

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15/11/2013	Oracle Corporation (USA)	Bitzer Mobile (USA)	Provides mobile enterprise application management software to enable employees to access corporate data and information from their own personal mobile devices. Bitzer's containerized software keeps corporate data and applications separate from the user's own personal data and applications.	Not disclosed	n/a	n/a	Mobile software	Bitzer Mobile augments Oracle's portfolio of Fusion Middleware products and is expected to be a core component to its mobile security strategy. 30 staff.
14/11/2013	Textura Corporation (USA)	LATISTA Technologies, Inc. (USA)	Provides iOS and Windows mobile construction project management, task management and collaboration software for construction managers in the field.	\$35m in cash	n/a	n/a	Mobile software	Deal expands Textura's platform of solutions through leveraging the LATISTA patented technology to develop mobile capabilities into their existing core solutions. 52 staff.
08/11/2013	WPP Plc, England (UK)	Bottle Rocket Apps LLC (USA)	Provides iPhone, iPad, Android and iPod touch custom application development services	Not disclosed	n/a	n/a	Mobile applications	Investment continues WPP's strategy of strengthening the Group's capabilities in digital media and in mobile advertising. Bottle Rocket will work horizontally with other operating companies across WPP.
14/10/2013	Facebook Inc, (USA)	Onavo Mobile Ltd (Israel)	Develops a data shrinking application for smartphones	Not disclosed, estimated at \$120m	n/a	n/a	Mobile applications	Deal forms part of Facebook's focus to build its mobile business, the area that most users in emerging markets turn to first when using the social networking service. Onavo will become Facebook's anchor in Israel. 40 staff.
03/10/2013	Globo plc (UK)	Notify Technologies Inc. [aka Notify Technology Corporation] (assets) (USA)	The assets of Notify Technologies, which provides mobile device management (MDM), device monitoring and email synchronization software and SaaS for businesses.	\$5m in cash	n/a	n/a	Mobile software	Acquisition represents another significant step towards Globo's strategic goal to become a global leader in the field of enterprise and consumer mobility. Notify will open up significant new opportunities for GO!Enterprise. 60 staff.
03/10/2013	Mobiquity Inc (USA)	Xaton BV (Netherlands)	Provides full-service web and software mobile development for corporate clients	Not disclosed	n/a	n/a	Mobile application development	Deal combines the talents and solutions of Xaton and Mobiquity to provide a strategic springboard for expansion into Europe. 60 staff.
02/10/2013	Certain, Inc. (USA)	Check In Easy, Inc. (USA)	Provides iOS and Android mobile applications that event and conference managers provide to attendees, enabling them to check into conferences and events and communicate with other attendees. Also enables related customer analytics.	Not disclosed	n/a	n/a		Check In will benefit from the industry expertise and technical depth available at Certain to improve the event experience for attendees and the productivity of event organizers.
02/10/2013	Pivotal Labs Inc, USA (EMC Corp, USA) (USA)	Xtreme Labs Inc (Canada)	Develops software for mobiles	\$65m in notes				Xtreme Labs enhances Pivotal's next generation of products and services by bringing expertise and knowledge in mobile strategy and development. A team of 500 will be created dedicated to agile mobile application development.
01/10/2013	Yahoo! Inc. (USA)	Hitpost (USA)	Provides Android and iOS mobile sports applications for consumers. Applications include sports statistics, athlete injury updates and fantasy sport content. Transaction was reported by TechCrunch, 10/1/13.	Not disclosed	n/a	n/a	Mobile applications	Yahoo acquires Hitpost in a move to grow its presence in the sports app space. It is also in line with its strategy of acquiring companies for talent. 7 staff.
01/10/2013	International Business Machines Corp (USA)	Now Factory Ltd (The) (Ireland)	Develops analytics software designed to provide mobile network operators with real-time customer insights	Not disclosed	n/a	n/a	Mobile software	The combination extends advanced real-time big data and analytics capabilities to help clients uncover new revenue opportunities in the mobile marketplace.

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Date Announced	Buyer	Seller	Seller Description	Deal Size	Seller Revenue/Profit	Revenue Multiple	Target Sector	Commentary
01/10/2013	Axel Springer AG, (Germany)	runtastic GmbH (Austria)	Provides mobile applications and software used to measure fitness	Acquired 50.1%	n/a	n/a	Mobile applications	Axel Spinger view the investment as strategic positioning in the smartphone apps market. Founders will remain shareholders. 60 staff.

 Deals where Goldenhill advised the buyer or seller

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