



ICMA
International Classified
Media Association

ICMA Helsinki Conference

Hosted by:
Sanoma Digital Finland

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Monetising Digital: Show Me the Money

21-24 May 2014
Helsinki, Finland

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M&A Panel

Friday 23.5.2014
final

Participants

- **Markus Binderbauer**, CEO, Bazar, Austria
- **Marko Luoma**, Partner, ICECAPITAL Securities Ltd, Finland
- **Rob Paterson**, Head of Business Development and Internationalisation, Russmedia GmbH, UK
- **Tim Scholte**, CEO, Mascus International, Netherlands
- **Marja-Leena Tuomola**, COO, Sanoma Digital, Finland



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**Recent M&A activity
in the online
classifieds field**

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Axel Springer: IPO of digital classifieds and M&A

- Axel Springer Digital Classifieds (Axel Springer 70%, General Atlantic 30%)
- StepStone, Totaljobs/UK, SeLogger/France, Immoweb/Belgium, Immonet/Germany, meinestadt.de/Germany
- Net sales 402,6M€ (14% of all Axel Springer revenues) and 40% profit margin
- Possibly preparing IPO of the classifieds company.
Valuation up to € 3 billion....
- Recent M&A
 - Yad2, leading Israeli online classifieds portal
 - Saongroup, leading job portals in Ireland, South Africa and emerging markets
 - Yourcareergroup, three job boards for the hotel, catering and tourism industry in the German-speaking market
 - Jobsite, job board in UK (incl. Cityjobs). Purchase price ca € 110 million (£90 million)

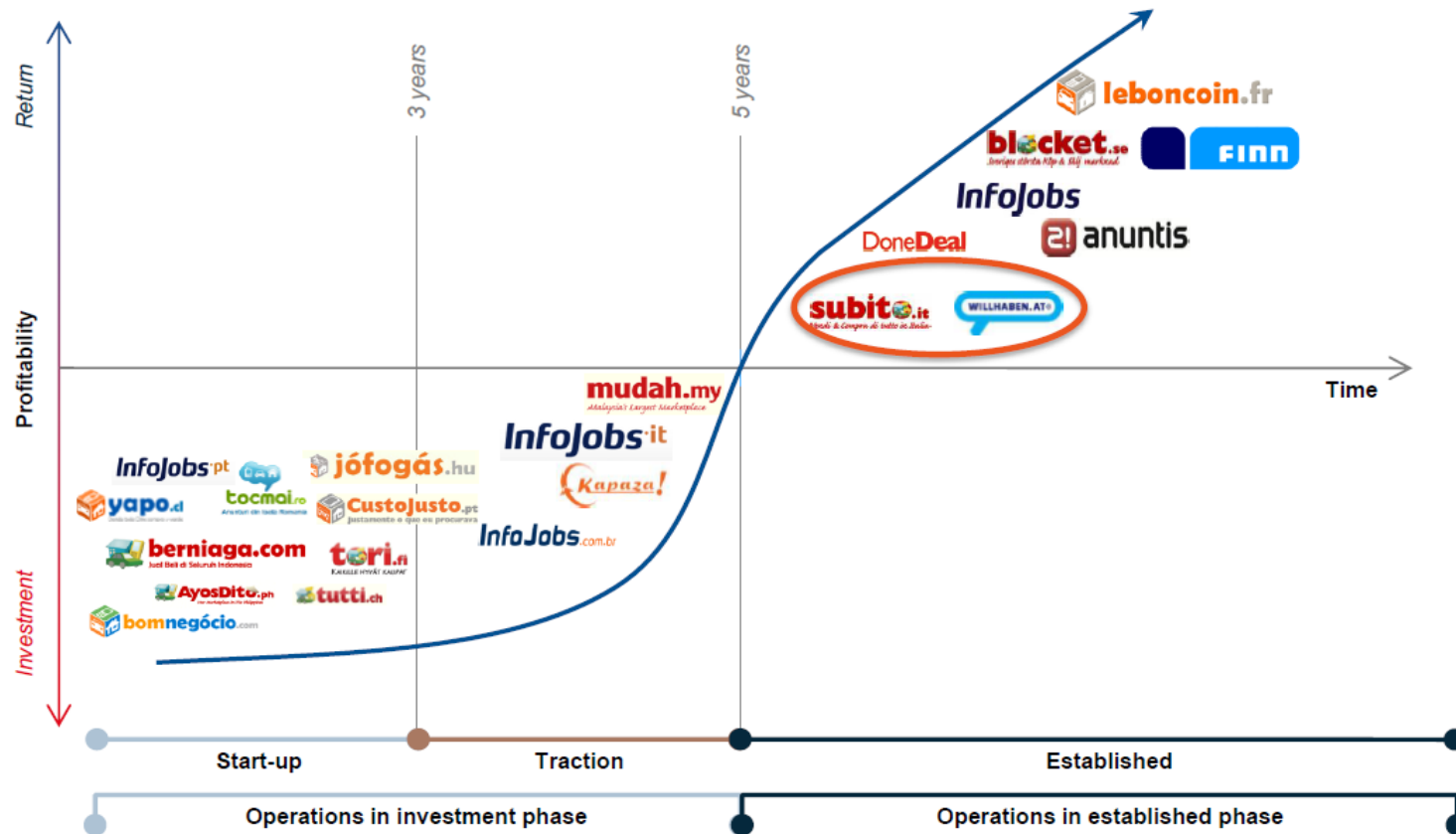


eBay: acquisitions 2004-2014 – recent M&A in classifieds?

Acquisition date ↕	Company ↕	Business ↕	Country ↕	Value (USD)
January 24, 2004	mobile.de	Vehicles classifieds	Germany	\$152,000,000
June 2, 2004	Baazee.com	Online auction	India	\$50,000,000
August 14, 2004	Craigslist ^[note 2]	Classified advertising	United States	\$13,500,000
November 10, 2004	Marktplaats.nl	Classified advertising	Netherlands	\$290,000,000
December 16, 2004	Rent.com	Classified advertising	United States	\$415,000,000
May 18, 2005	Loquo	Classified advertising	Spain	—
May 19, 2005	Gumtree	Classified advertising	United Kingdom	—
June 2, 2005	Shopping.com	Price comparison service	Israel	\$620,000,000
June 30, 2005	OpusForum.org	Classified advertising	Germany	—
September 13, 2005	Skype Limited ^[note 3]	Voice over Internet Protocol	Luxembourg	\$2,600,000,000
April 24, 2006	Tradera	Online auction	Sweden	\$48,000,000
May 30, 2007	StumbleUpon ^[note 4]	Browser plugin	Canada	\$75,000,000
January 10, 2007	StubHub	Electronic commerce	United States	\$310,000,000
May 3, 2007	GittiGidiyor	Electronic commerce	Turkey	\$217,500,000
March 9, 2006	Meetup.com ^[note 5]	Social network service	United States	\$10,000,000
January 29, 2008	Fraud Sciences	Online risk management	Israel	\$169,000,000
October 6, 2008	Bill Me Later	Electronic Commerce	United States	\$1,200,000,000
October 6, 2008	dba.dk & bilbasen.dk	Classified advertising	Denmark	\$390,000,000
January 8, 2009	Positronic Inc.	Machine learning	United States	-
March 15, 2010	Magento	Electronic Commerce	United States	\$225,000,000
June 23, 2010	RedLaser	Mobile applications	United States	\$10,000,000
December 2, 2010	Milo.com	Shopping Engine	United States	\$75,000,000
March 28, 2011	GSI Commerce	Marketing/Fulfillment	United States	\$2,400,000,000
March 28, 2011	Where, Inc.	Local Search and Recommendation	United States	\$135,000,000
July 7, 2011	Zong	Payments through mobile carrier billing	United States	\$240,000,000
September 8, 2011	The Gifts Project	Group purchasing of gifts	Israel	\$50,000,000
September 8, 2011	Hunch	Product recommendations	United States	\$80,000,000
December 11, 2011	Zvents	Local Events	United States	—
September 6, 2012	Svpply	Social shopping	United States	—
September 6, 2013	Decide.com	Price-Forecasting	United States	—
September 26, 2013	Braintree	Payments	United States	\$800,000,000
October 22, 2013	Shutl	Rapid Fulfillment Service	United Kingdom	-
February 19, 2014	PhiSix Fashion Labs	Virtual Clothing	United States	-

Schibsted: international roll out of Blocket platform and M&A

SCM - Portfolio Structure



Recent acquisitions



Join venture between Schibsted, Telenor and Singapore Holdings SnT Classifieds

Recent divestments

Eesti Meedia (incl. Blocket clone Soov.ee) to management

Kinnevik – Russia, India , Asia, South America, Africa....

INVESTMENTS

Communication

E-commerce & Marketplaces

Zalando

Avito

Rocket Internet

Emerging markets shoes & fashion

General e-commerce

Home Décor

Marketplaces

Quikr

Saltside

Wimdu

Foodpanda

Pricepanda

Yell

CDON Group

Entertainment

Financial services & Other

Quikr (India)

- leading horizontal classifieds platform in India
- 30 mill unique visitors / month
- 100 million visits / month

Naspers consolidation in the Russian market with Avito. Step 1.

- Naspers merged in early 2013 its two Russian online classified websites Slando.ru and OLX.ru with Avito in a **\$570 million deal**
- Naspers owns 18.6% of Avito
- Other investors: Kinnevik Investments and Vostok Nafta 13.7% (Swedish investment funds) and Northzone Ventures.
- After the merger Avito is the world's third biggest classified site after Craigslist and China's 58.com.
- Revenue RUB 2.4bn (USD 73.7m) and EBITDA RUB 680m (USD 20.9m) in 2013.

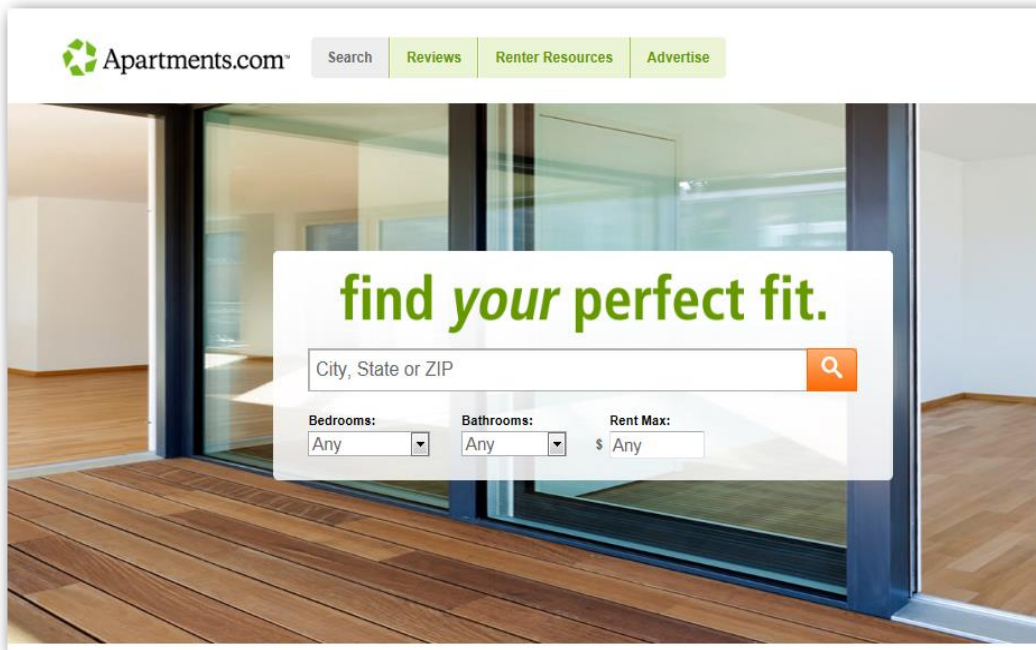
Avito



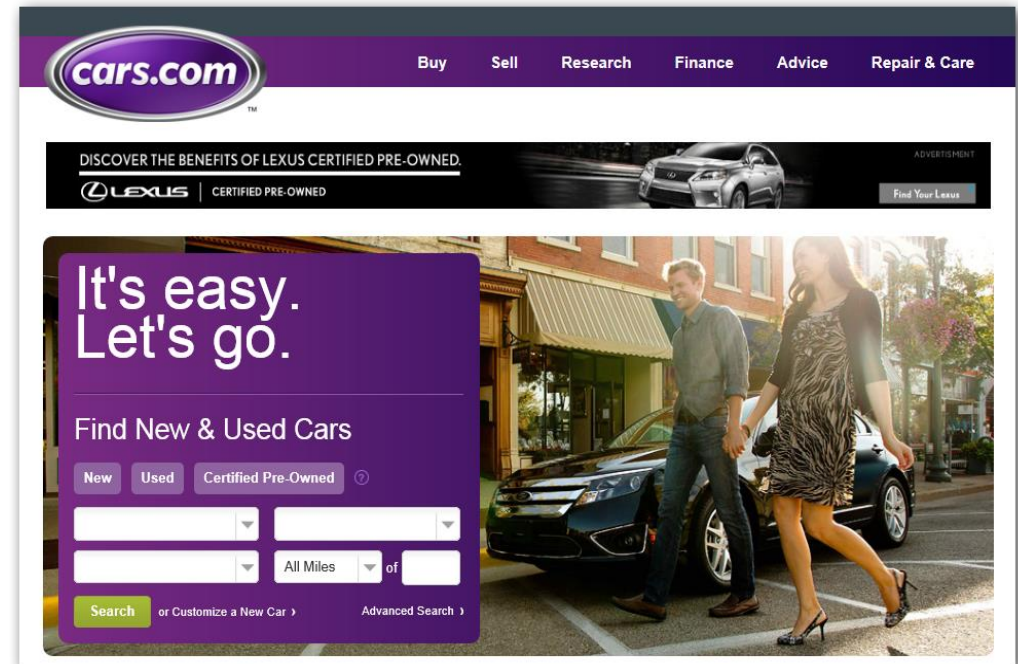
Avito is the largest and fastest growing online classified platform in Russia.

The merger with Naspers-owned Slando.ru and OLX.ru in the beginning of 2013 has significantly reaffirmed this #1 position in the Russian market and the company has a leading position in terms of visitors and number of ads, distancing itself from its competitors. Avito is already the leading brand and has the highest brand awareness among its peers in the important Moscow and St. Petersburg regions.

Classified Ventures / USA – two major divestments recently



Classified Ventures sold Apartments.com (online apartment rentals) to CoStar (commercial real estate research firm) for \$585 Million



Classified Ventures has put Cars.com for sale: price tag \$3 billion?

Preloved (2nd biggest classified website in UK)

- No 2 in the UK market after Gumtree
- 4,6 million UVs / month
- EBITDA in 2013 ca £1,7 million
- Sold recently for £8 million
- Acquired by the Hut Group (online retailer)



Q&A

1. A lot of M&A activity is going on now. Are we now on the top of the hype curve, will it get colder soon or is this just the beginning?
2. What factors are affecting the price the most? What would be the reasons to pay a premium for a classified site (in addition to being #1 on the market) ? What are the discount factors? Your view on the trading multiples? Any trends?
3. There are a many start-ups with freemium business model entering the market and also for sale. How to value these companies (with low or no revenues)?
4. Why are the classified website owners selling now? Cashing out and investing in other businesses?
5. Who are the buyers now? Consolidation within the classifieds market or new market entrant from another industry (such as ecommerce)? Why are these buyers buying? What are they buying: technology, market share, visitors? How about the big players: where they see
6. What should ICMA publishers consider if they want to sell?
7. What should ICMA publishers consider if they want to acquire other classified sites?
8. Questions from the audience