



Selling *Complex* Stories in *Simple* Words at *High* Prices

May 2014

Strictly Private and Confidential

NOAH Advisors - Europe's Leading Internet Corporate Finance Boutique

Unique Industry Know-How

- 100% focused on Internet companies, covering over 25 sub-verticals
 - 20+ years coverage of leading European Internet and investors
- Deep understanding of industry dynamics
- Ability to add value beyond banking advice
 - Facilitates overall process and minimizes management distraction

Strong Investment Banking Competence

- The NOAH team has 20+ years of media investment banking experience
 - Routine execution of M&A and financing transactions with sizes of several billion euros
- The team has been working together closely for 10 years (including 6 years at Lehman Brothers)
- 16 successfully completed NOAH Advisors transactions underline successful transfer of competencies to the Internet sector

Unmatched Network and Relationships

- NOAH Advisors is globally very well connected and has direct access to virtually all key players in the industry
 - Knowledge of and strong relationships with potential buyers' key decision makers
 - Coverage of over 200 companies and 4,000 individuals
 - Proactively finds and unlocks attractive investment opportunities for leading investors (e.g. Bigpoint)
- Annual NOAH Conference

Full Commitment - We Are Entrepreneurs!

- The NOAH team are entrepreneurs and focused on growing the business and establishing a reputation for excellence
- Full commitment to deliver top quality results in short time frames
- Highly success-based compensation structures align interests of clients and NOAH Advisors, and demonstrate conviction to deliver top results

The NOAH Advisors Core Team



Marco Rodzynek

*Managing Director
and Founder*

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Jan Brandes

Director

Contact Details

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Selected Completed NOAH Transactions

February 2013



Growth equity investment from



for a 30% stake alongside Softonic's Founders and Angel Investors at a valuation of €275m

Exclusive Financial Advisor to
Softonic and its shareholders



April 2012



to
HomeAway®

Financial Advisor to Toprural and its Shareholders



May 2012



150 million growth equity investment from



for a 50% stake alongside Fotolia's Founders and



Additional \$150 million senior debt financing

Total \$300 million investment

Financial Advisor to Fotolia and its Shareholders



November 2011



to
Quants Financial Services AG

Exclusive Financial Advisor to
grupfoni and its Shareholders



April 2011

July 2011
Sale of a majority stake in
EnGrande S.L.



to



Advisor to EnGrande



April 2011

SUMMIT PARTNERS
have acquired a majority stake in
BIGPOINT
for \$350m from
Comcast
GMT
Exclusive Advisor to
Summit Partners and TA Associates



April 2011

Sale of a majority stake in
Yatego®
to



Advisor to Yatego



December 2009

Partial sale of
softonic.com
to
Digital River®
Valuing Softonic at €175m
Advisor to Softonic



Walla! Sells Yad2 to Axel Springer Digital Classifieds for \$228m

NOAH Advisors acts as exclusive sell-side advisor to Bezeq, Walla! And Yad2 in the sale of Israel's leading classifieds website



May 2014



sold 100% of



for \$228m to



Axel Springer Digital Classifieds

a joint venture between



Exclusive Financial Advisor to Yad2 and its Shareholders



Deal Teams



Ilan Yeshua, CEO (Chairman Yad2)
Gil Benyamini, CFO



Yavin Gill-More, CEO
Ariel Kessel, CFO



Marco Rodzynek, Jan Brandes,
Nikhil Parmar, Marija Sevcenko

Transaction Summary

- On 6 May 2014, Walla!, Israel's leading portal and fully owned subsidiary of telecommunications giant Bezeq, sold 100% of the shares in Coral-Tell Ltd, operator of the leading classifieds and advertising portal Yad2 (Yad2.co.il) to Axel Springer Digital Classifieds (ASDC) for USD 228 million in an all-cash transaction
- Bezeq and Walla! will use the proceeds to invest in strategic growth areas and de-leverage
- Yad2 will join ASDC's portfolio of leading online classifieds brands which include SeLoger, StepStone and Immonet among others

Overview of Yad2

- Yad2 (Yad2.co.il) is the leading classifieds and advertising portal in Israel, with local brand awareness of almost 100%, built through wide presence across TV, radio, print, online and large scale fairs
- Around 10,000 new ads are placed on the site daily from the strong user base of 3.8 million monthly unique visitors
- Yad2 became the dominant brand in Israeli classifieds across its broad offering in real-estate, vehicles, second hand goods and more, despite having just been founded in 2005 by serial entrepreneur Shone Tell
- Yad2 solidified its market leadership under the ownership of Walla! Communications, which acquired 75% in July 2010 and the remainder in November 2013
- The Tel Aviv based company has around 100 employees and is run by a strong management team under the leadership of CEO Yavin Gill-More and Chairman Ilan Yeshua

NOAH Advisors' Role

- NOAH Advisors acted as exclusive financial advisor to Yad2 and its shareholders, exploring options with a number of strategic and financial investors
- Yad2 has been a close relationship of NOAH Advisors for over 2 years and presented as one of the "Rising Stars" at the NOAH Conference 2012
- A steadfast execution was facilitated based on in-depth knowledge of the company, the industry, and intelligence around the best potential acquirers

Overview of the NOAH Conference 2013

Europe's #1 Business Conference for Internet Industry Leaders

Introduction

- The NOAH Conference is Europe's leading annual Internet business conference taking place once a year in London, focused on top management from Internet start-ups to global media companies as well as senior investment professionals
- NOAH's goal is to create a marketplace for the European Internet eco-system to discuss key trends, generate business and facilitate investment transactions
- Over the past 4 years numerous high-profile speakers presented at NOAH, including over 100 CEOs at each event
- The NOAH Conference was founded in 2009 and is organised by NOAH Advisors, a corporate finance boutique focused on European Internet M&A

NOAH13 Overview

- NOAH '13 took place on 13/14 November 2013 at Old Billingsgate in London
- Fantastic line-up of 145 speakers from 20 countries in keynotes, presentations, fireside chats and panels on 3 stages
- 111 CEO company presentations, over 800 CEOs joining
- 1,614 attendees from over 50 countries – 46% from Internet companies, 24% from investors, 29% from corporates and 1% press representatives
- Seven Ventures Pitch Day / 7 startups pitch for €7m in TV and media
- AlphaSights Ibiza party with 1,000+ guests at a fully transformed Old Billingsgate
- Extremely positive feedback from numerous attendees, in the press and on Twitter

Conference Sponsors 2013



HELLMAN &
FRIEDMAN

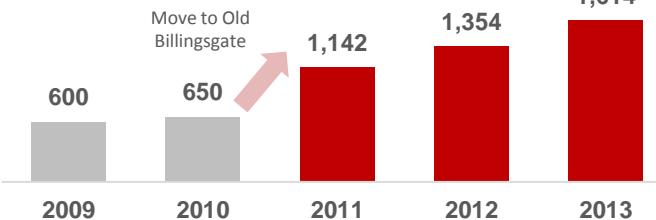
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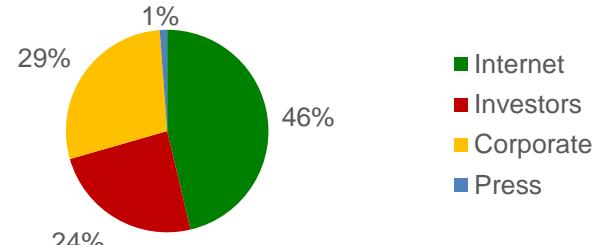
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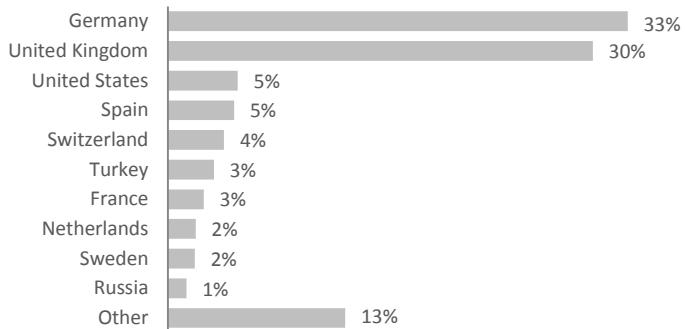
Attendance 2009 - 2013



Attendees by Type



Attendees by Country



Business Model: Getting Closer to the Transaction

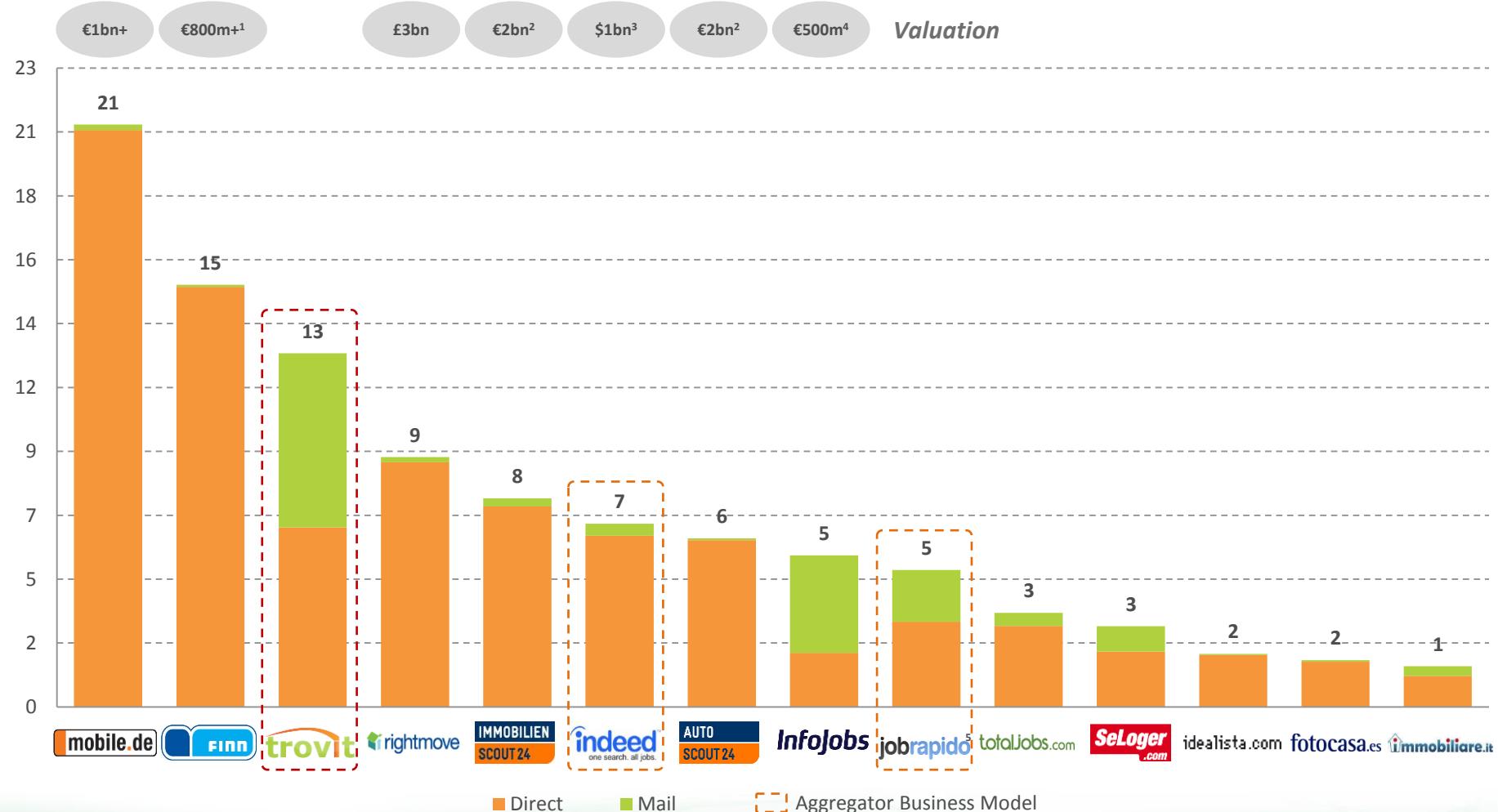
There are several ways to monetise classified portals on the desktop. Mobile is still developing.

Google AdSense	<ul style="list-style-type: none">▪ The fastest and least complicated monetisation option▪ Examples: OLX, Trovit▪ Cons: dependency on Google and in some cases not the most efficient revenue model to monetise traffic
Display Advertising	<ul style="list-style-type: none">▪ In order to achieve high CPMs, it often requires an in-house team which brings fix costs▪ Examples: Softonic, Yad2▪ Cons: only pays off with a minimum traffic liquidity, often perceived negative by users
Listings	<ul style="list-style-type: none">▪ Advertisers pay to be included in a search result or boosted on top of a list. Prices vary by listing volume▪ Examples: most classified players▪ Cons: hard to increase prices without adding additional value
CPC	<ul style="list-style-type: none">▪ Advertisers pay if users click on the link. Users then get transferred to the advertisers site▪ Examples: trivago, trovit, kayak▪ Cons: the user leaves the site
CPA	<ul style="list-style-type: none">▪ Portals get paid at a successful user transaction▪ Examples: most insurance lead gen players like Check24, moneysupermarket and many others▪ Cons: none. In classified hard to implement
Agency	<ul style="list-style-type: none">▪ The portal takes transaction risk. With pricing data, portal makes a price recommendation and gets a commission after the transaction▪ Example: not yet implemented to our knowledge, but several players are thinking about it▪ Cons: competing with customers

Direct Visits are a Key Valuation Driver

Direct traffic is perceived as the jewel of a classified story, 50%+ of traffic should be direct for a sustainable / quality business

Direct Visits in January 2014 in Comparison with European Classifieds Players (m)

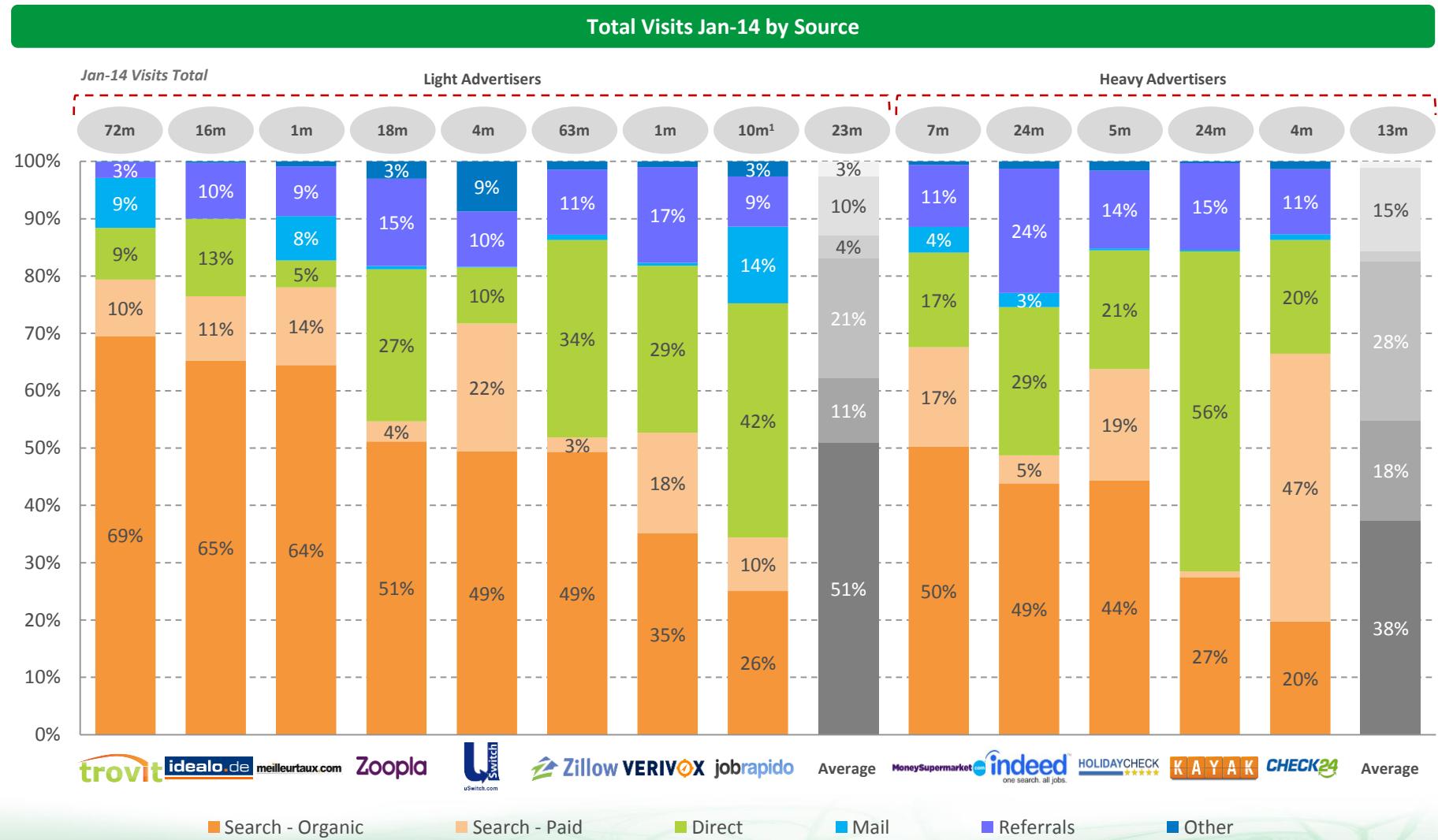


Source: SimilarWeb.

Note: 1. Part of Schibsted. 2. Part of Scout24 (acquired by HF). 3. Acquired by Recruit. 4. Acquired by Schibsted. 5. Includes largest markets: Italy & UK.

Not All Traffic is Created Equal

Companies like Kayak have successfully demonstrated how brand marketing (mainly TV) can increase direct traffic



Source: SimilarWeb.

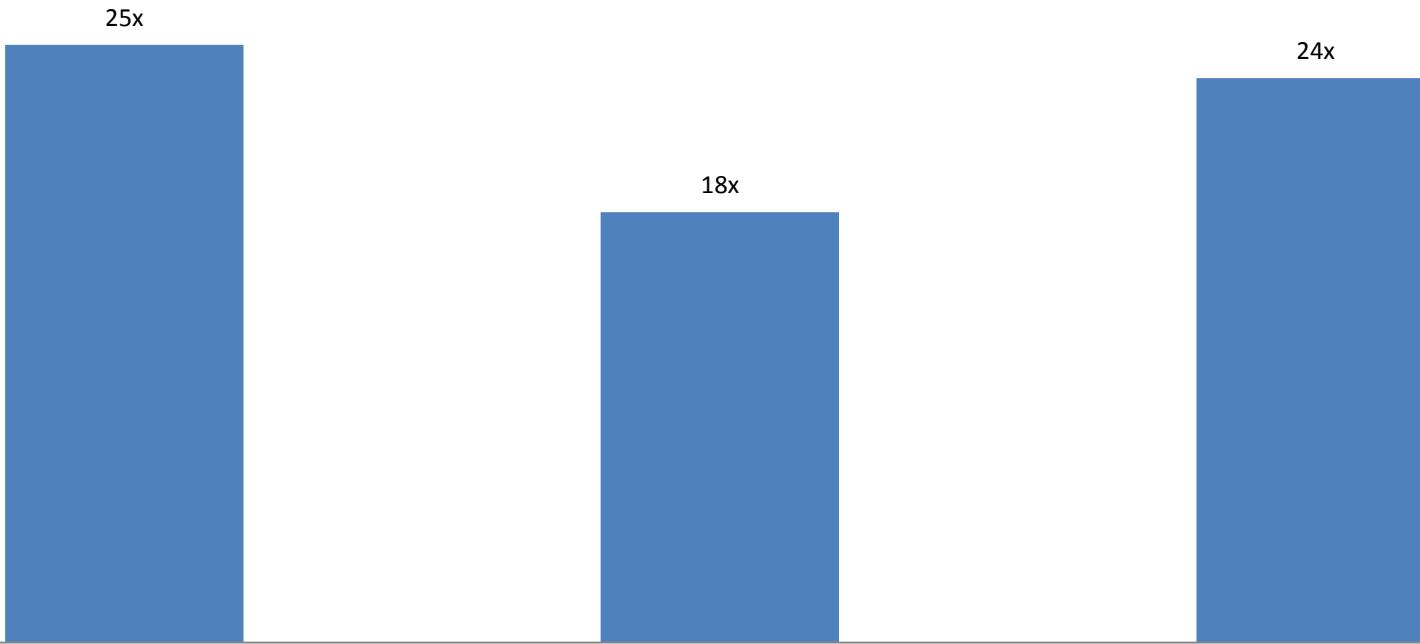
Note: 1. Includes largest markets: Italy & UK.

Classifieds Trading Comparables



(EURm except share price) Company	Country	Currency (Share Price)	Share Price 6-May-14	Market Cap	Enterprise Value	EV/Revenues			CAGR 13-15E	EV/EBITDA			CAGR 13-15E	Margin 2013E
						2014E	2015E	13-15E		2013E	2014E	2015E		
Schibsted	Europe	NOK	336.00	4,388	4,517	2.4x	2.3x	3.9%	22.3x	18.7x	14.6x	23.5%	11.0%	
Axel Springer	Europe	EUR	43.93	4,353	4,327	1.5x	1.4x	(4.7%)	7.6x	8.2x	7.6x	(0.4%)	16.9%	
Rightmove	Europe	GBp	2,423.22	2,949	2,944	14.9x	13.1x	14.6%	23.3x	20.3x	17.8x	14.4%	74.3%	
eBay	US	USD	52.00	47,516	47,973	3.6x	3.2x	14.1%	12.3x	11.1x	9.9x	11.2%	33.7%	
Zillow	US	USD	107.94	3,061	3,120	14.7x	10.8x	42.0%	NM	NM	53.0x	65.9%	15.0%	
Trulia	US	USD	35.01	914	919	5.0x	3.8x	51.6%	74.5x	61.3x	24.1x	75.7%	11.9%	
Seek	AsiaPac	AUD	17.29	3,844	3,980	7.6x	6.7x	14.4%	21.9x	17.6x	14.9x	21.1%	40.1%	
REA Group	AsiaPac	AUD	48.00	4,162	3,982	12.4x	10.5x	21.3%	30.5x	23.0x	18.8x	27.4%	50.6%	
Carsales.com	AsiaPac	AUD	11.04	1,742	1,772	10.5x	9.5x	10.8%	20.5x	17.8x	15.9x	13.4%	56.9%	
Trade Me	AsiaPac	AUD	3.78	1,080	1,163	9.2x	8.3x	10.1%	13.9x	13.0x	11.8x	8.6%	72.7%	
Naspers	Africa	ZAR	1,022.00	29,177	30,190	6.0x	5.1x	20.1%	61.0x	49.0x	39.9x	23.7%	12.0%	
Overall Mean						8.0x	6.8x	18.0%	28.8x	24.0x	20.8x	25.9%	35.9%	
European Mean						6.3x	5.6x	4.6%	17.7x	15.8x	13.3x	12.5%	34.1%	
U.S. Mean						7.8x	6.0x	35.9%	43.4x	36.2x	29.0x	50.9%	20.2%	
Asia-Pacific Mean						9.9x	8.8x	14.2%	21.7x	17.9x	15.4x	17.6%	55.1%	

Selected Classifieds Deals



HELLMAN & FRIEDMAN



(February 2014)

- 70% acquisition, valuing the company at €2bn
- EBITDA 2013 estimated to be €80m (press reports)

**SCHIBSTED
MEDIA GROUP**



(September 2010)

- Acquisition of 50% not already owned, valuing the company at €400m
- EV / EBITDA multiple from Schibsted press release

**Deutsche
Telekom**



(September 2007)

- Acquisition of 66%, valuing the company at ~€540m
- EBITDA 2007 estimated to be €23m (press reports)

Classifieds Trading Comparables

EV / EBITDA Multiple

40.0x

30.0x

20.0x

10.0x

30.5x

23.0x

23.3x

20.3x

22.3x

21.9x

20.5x

17.8x



■ 2013 EBITDA

■ 2014 EBITDA

Valuation in the Context of the Development Stage

Management

Technology

Users / KPIs

Revenues

EBITDA

Market
Leadership



Increasing valuations – However Multiples Get More Reasonable (in Theory)

Decreasing Execution Risk and Benefit of the Doubt

(GROWTH * MARGIN) ^{Predictability} = Valuation Multiple

Not Every Deal is Created Equal

Valuation is only one side of the medal

Loss of Control / New Investor Rights

- Governance rights
 - Board seats / Information rights
 - Veto rights
- Management commitment to stay
- Path to control for new investor?
 - Call option
 - First right of refusal
- Performance-based earn-outs/ratchets
- Exit rights
 - Liquidation preference
 - IPO right
 - Put option
 - Tag and drag rights
 - Minimum valuation criteria

▪ Process objectives:

- Fast process with limited disruptions / leaks
- Premium valuation
- Minority investment with limited rights (no liquidation preference, no path to control, customary governance rights, exit rights TBD)

▪ Key success factors in creating:

- Growth profile and supportive KPIs
- Equity story: simple terms with 3-5 key points
- Access to, understanding of and relationship with relevant contacts at key potential investors. Trust matters the most!

▪ Key success factors for getting investors “to the finish line”:

- Management focus and engagement
- Seamless process execution
- No negative due diligence findings
- Strong performance during deal phase

Valuation Drivers

- Significant premium for (path to) control
- Governance and exit rights
- (Perceived) competition in process
- Operational out-performance during the process
- Due diligence findings
- Macro-economic and M&A environment
- Quality of motivation of management
- Availability of debt leverage
- Funding currency and hedging cost
- Negotiation skills (shareholders, NOAH and lawyers)

The Basics

- If you want to sell, don't be for sale
- Don't be greedy
- A good day today is better than a great deal tomorrow (time value of money and opportunity costs)
- Do a deal when you can, not when you have to
- Work with a professional banker
- Always work with several buyers not one. Not the loudest is usually the best buyer
- Know about 3 prices:
 - the price at which you sell
 - the price of the best buyer
 - the price of the cover bidderUse this dynamic wisely
- Be honest, simple and analytical

The Valuation Drivers

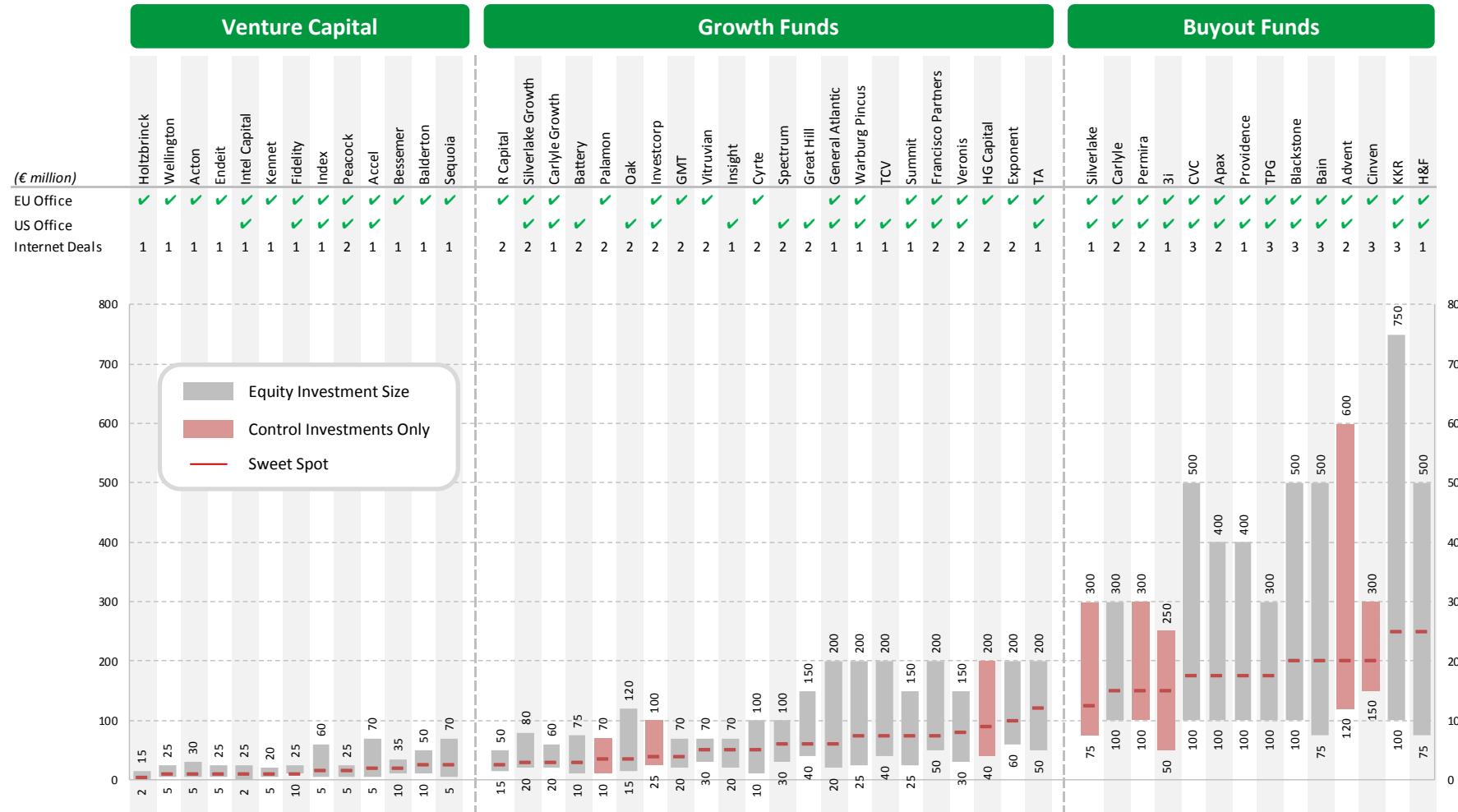
- Valuation is the sum of all future cash flows after tax discounted by the expected rate of return (usually hire then risk free interest rates, around 10%)
- Market Size
- Market share
- Predictability of success
- Synergies for the buyer
- Comparable company and transaction analyses
- A nature of a deal:
must have, nice to have, could have, shouldn't have
- Perceived management quality
- Luck. One dumb deal does not mean it gets repeated. Focus on your story not of others' luck
- Forget the public market

The Tough Lessons Learnt

- M&A is hard work
- You have to be 100% prepared before you start
- Dictate a timetable and bring all parties on the same schedule
- NEVER deliver below your projections during a process
- Don't change your mind. No one likes it
- There are many buyers who all want to hear a story tailored to them. No your value to parties
- Always give parties an understanding that they are not alone but not too many
- If they sense you HAVE to do a deal, they won't give you a deal
- Motivate, it is a love story
- Be patient and don't rush

The Universe of Financial European Internet Investors

Equity investment/check size, geography, minority/majority, growth profile are key ways to differentiate them



Note: Number of previous European Internet deals: 1 - many, 2 - a few, 3 - new to the segment.