

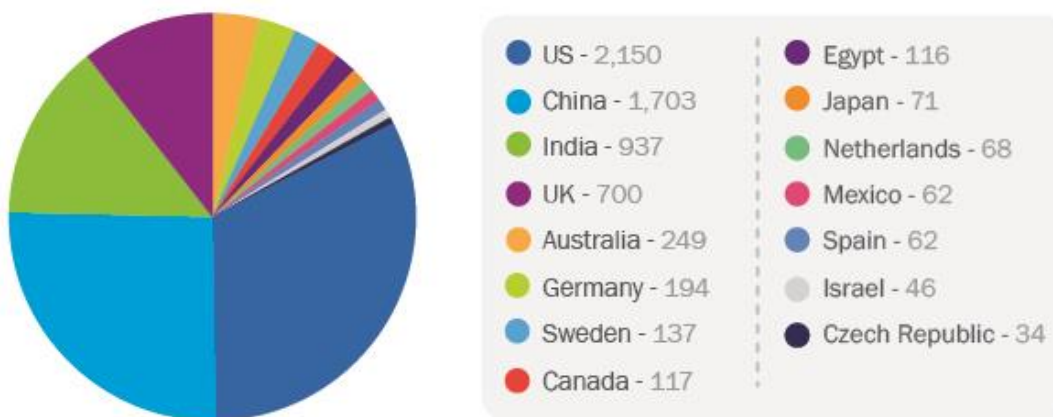


DIGITAL DOMINATES M&A ACTIVITY FOR THE FIRST HALF OF 2016

In Q1 and Q2 of 2016, R3 tracked 204 deals with a total value of over \$6,831 million and an average value of \$33.5 million per deal. Thus far, the US and China are leading global M&A activities by transaction volume, followed by India and the UK. However, when measured by number of transactions, the US (77) leads the UK (38) and China (22) by a significant number.

TOP 15 LOCATIONS OF THE TARGET BY TRANSACTION VOLUME

*Values in USD Million



NEW YORK

LONDON

SHANGHAI

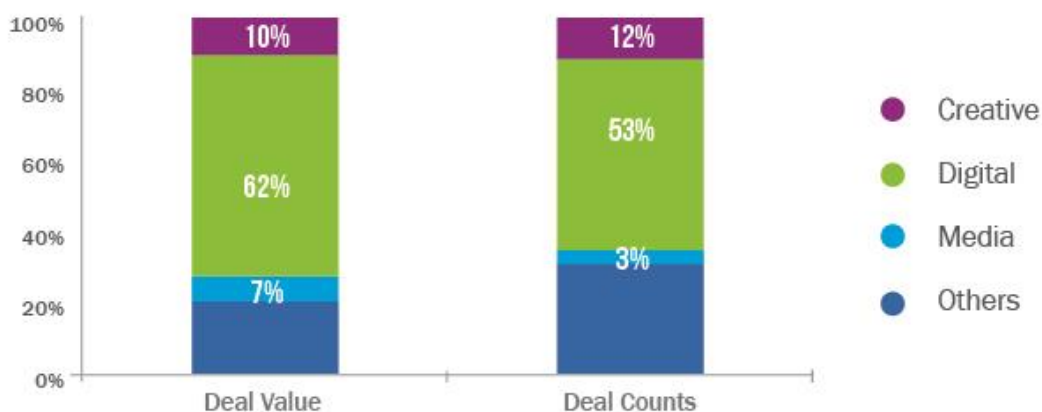
SAO PAULO

SINGAPORE

BEIJING

It's not surprising that 53% of the acquisitions in the first half of the year have targeted digital assets. Under the umbrella of digital, "ad-tech," "analytics" and "full service" digital agencies were most popular. Digital deals also accounted for over 62% of total deal value, with creative and media accounting for 10% and 7% of the total deal value, respectively.

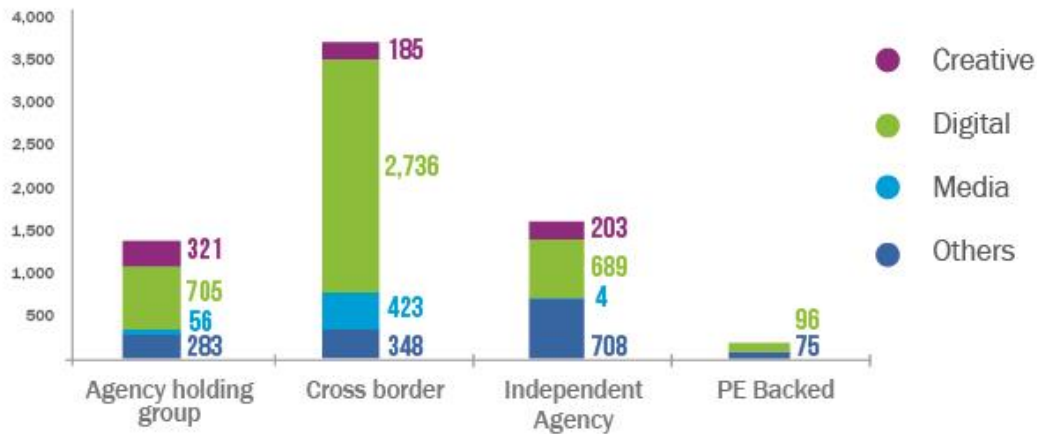
SHARE OF DEAL VALUE AND COUNTS BY TARGET AGENCY TYPE



Large deals were driven by cross-border and PE backed buyers, although agency holding groups and agencies announced more transactions. In terms of investment, agencies and agency holding groups are more interested in investing in Creative, PR and Design (others) companies, while cross-border and PE investment is concentrated in Digital and Media.

SHARE OF DEAL VALUE BY TARGET TYPE BY ACQUIRER

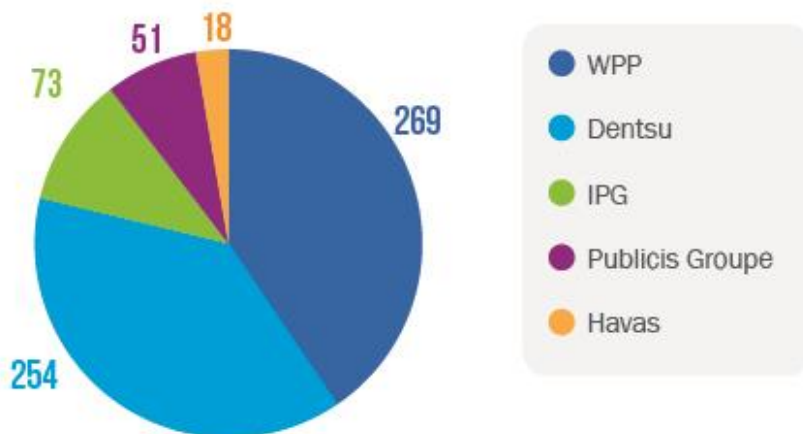
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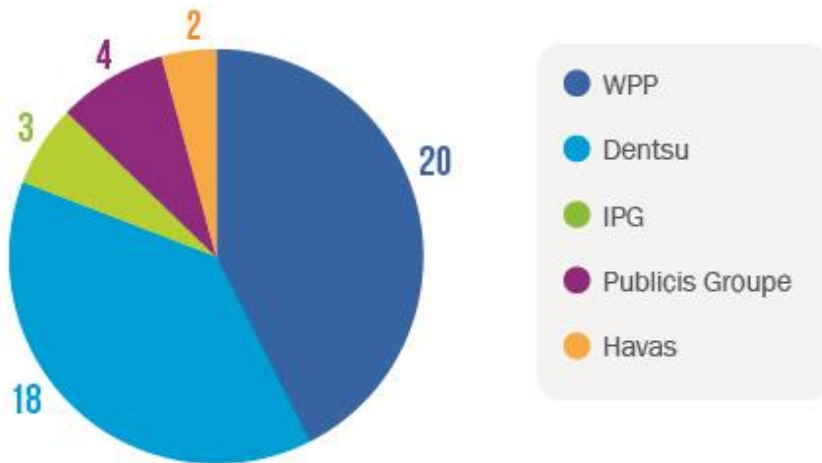
In addition to WPP, who was very active as per usual with 20 deals, Dentsu was also highly active and spent over \$254 million with 18 deals. Many of those deals were small to mid-sized investments in developing markets such as Mexico, Malaysia and Egypt. Earlier this year, Dentsu announced that they are considering as many as 60 M&A's in the second half of the year – meaning that we may see an even busier Q3 and Q4.

TRANSACTION VOLUME BY AGENCY HOLDING GROUP

*Values in USD Million

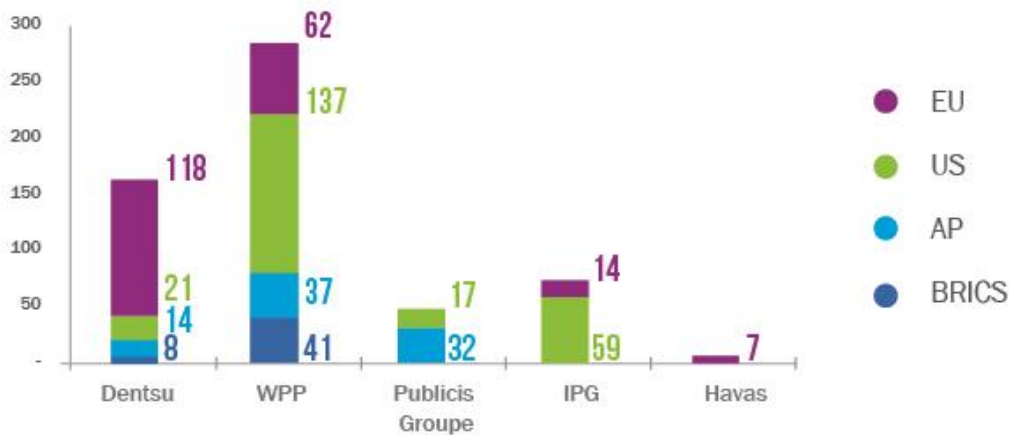


NUMBER OF TRANSACTIONS BY AGENCY HOLDING GROUP



HOLDING GROUP ACQUISITION BY TRANSACTION VOLUME BY REGION

*Values in USD Million



About R3

R3 is a leading global, regional and local consultancy group, focused on improving the effectiveness and efficiency of marketers and their agencies. We enable our clients to get the competitive edge and a better return on investment from agencies, media and marketing spend. With over 100 people in the US, Asia, EMEA and LATAM, we work with nine of the world's top twenty marketers including Coca-Cola, Unilever, AB InBev, MasterCard, Mercedes Benz, Johnson & Johnson, Samsung and Kimberly Clark.

Our monthly Holding Company M&A Tracking can be found [here](#). Please write to yue@rthree.com with any inquiries.