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H1 2024

MEDIA*talk*

The evolution of engagement

H1 2024

MEDIA*talk*

Contents

A word from Andy Viner

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While 2024 may bring its share of uncertainty, there are signs that the market's slight dip could be less about turbulent conditions and more about shifting investor priorities as they prepare for a rapidly evolving future. Could this year be laying the groundwork for an exciting surge of deals ahead? Or perhaps it points to a more thoughtful, strategic approach to M&A activity. Let's explore some of the key deals that are already shaping the global market in 2024.

In the first half of this year, disclosed M&A deal values reached approximately US$60 billion across 630 transactions – a modest decline compared to the 655 transactions in the same period in 2023. This dip reflects broader hesitations in the market as dealmakers navigate high interest rates, political uncertainty, and valuation gaps. As a result, many have shifted away from large-cap deals toward smaller, more manageable mid-market transactions. These deals, though smaller in scale, offer strategic opportunities, allowing businesses to capitalise on innovation and evolving market trends.

The persistence of high interest rates has played a critical role in reshaping the deal environment in 2024. Central banks, particularly in the US and Europe, have maintained a 'higher for longer' approach, which has significantly increased the cost of debt-financed deals. With interest rates squeezing returns, dealmakers are forced to focus more on the potential value creation within each transaction to justify higher costs. Inflation, supply chain disruptions, and elevated debt costs have compounded these challenges, slowing the pace of dealmaking, particularly in capital-intensive sectors.

A number of significant elections across the globe have added to the uncertainty in the market. With over 97 elections scheduled in 2024 – including those in the United States, United Kingdom, European Union, and India – M&A activity has been decidedly more cautious as businesses assess the potential long-term impacts of political changes.

However, it's not all been negative. Events like the Euros, Olympics and Esports World Cup have provided pockets of economic optimism, particularly in sectors such as advertising and branding, where companies positioned themselves to capture growth during these major global events.

Zooming in, the US continues to dominate the global M&A market, with over 40% of all deals targeting US-based companies. This dominance underscores the country's central role in driving innovation across advertising, entertainment, and technology in global markets, positioning the US as a focal point for international dealmakers.

As we move through 2024, it's clear that the dealmaking environment, while challenging, presents significant opportunities for those willing to adapt. The past two years of uncertainty have set the stage for transformative shifts across industries, with the pace of change and technological advancements driving new strategies and cross-industry partnerships. Looking ahead, this moment is poised to be a turning point for both buyers and sellers, as they look to seize emerging trends and opportunities.

Read on to learn more about the key opportunities emerging this year. I hope you enjoy issue H1 2024.

Andy

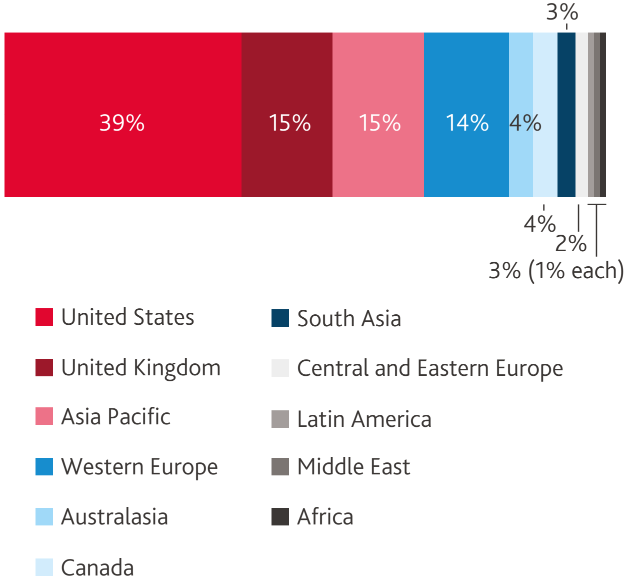
Global trends

Advertising's modern heyday

It's no secret that advertising has undergone a profound transformation over the last decade, redefining itself to meet the needs of new platforms, technologies and shifting consumer behaviours. This transformation is evident in the sector's dominant position in the media landscape, with **advertising accounting for 58% of deals in the US and 51% in Western Europe**, taking a significant portion of the overall **US$60 billion disclosed deal value** in 2024.

Let's take a look at the driving factors behind advertising's evolution.

Percentage advertising deals by region



Technology driving change

Central to the sector's transformation is the impact of technology. Artificial Intelligence (AI) has become increasingly pivotal in the advertising sector as businesses seek to extract greater value from their marketing investments. Agencies now employ AI for everything from optimising ad placements to predictive analytics, allowing them to forecast consumer behaviours and preferences with remarkable accuracy. The proliferation of big data is also being widely utilised, allowing advertisers to gain deeper insights into consumer behaviour.

Augmented Reality (AR) and Virtual Reality (VR) are also on the scene, creating immersive and interactive experiences that allow consumers to engage with products in virtual environments, opening new avenues for storytelling and consumer interaction.

E-Commerce and the mobile-first era

Recent research reveals that **Americans check their mobile phones around 140 times a day**, with 89% doing so within ten minutes of waking up and over 60% even during the night. This constant interaction has made mobile and in-app advertising crucial for reaching consumers. The Google Play store, with its vast array of over 2.8 million mobile apps, underscores the enormous potential of in-app advertising.

This consumer shift has in turn paved the way for a surge in e-commerce, as platforms initially designed for content consumption have seamlessly integrated shopping functionalities. TikTok, once known primarily for its viral content, is a great example of this, having emerged as a major player in e-commerce by incorporating advertising with its search engine and transaction-generation capabilities. We can see the growing value of e-commerce and in-app advertising in deals such as Sweden-based **Verve Group's acquisition** of US mobile advertising specialist, **Jun Group Productions**, for **US$185 million** this year.

Influencer-Led Advertising

Influencer-led advertising continues to expand as brands increasingly rely on digital-based personalities to connect with their audiences. A growing number of big deals in this space reflect the shifting importance of personality-driven advertising, where influencers have become trusted figures for recommending products and brands. Virtual influencers, in particular, offer a unique value proposition: they can be customised to fit a brand's specific image and messaging, and unlike human influencers, they are available 24/7 for content creation.

Read our section on 'The Growing Influence of the Creator Economy' to learn more about global influencer trends.

Global trends

Esports and gaming enter the race

The announcement of the **Olympic ESports Series** in 2025 by the International Olympic Committee (IOC) signals a watershed moment for e-sports, legitimising it as a global competitive activity. As e-sports gains mainstream recognition, it's expected to drive increased attention, investment, and commercial opportunities in the form of sponsorship deals, viewership rights, and gaming-related marketing opportunities. There is little doubt that companies will increasingly look to align their brands with e-sports as it continues to grow into a globally recognised entertainment sector.

Here are some of the key opportunities set to arise from e-sports.

Increased M&A activity in e-sports marketing

As e-sports rapidly expands, its marketing landscape is experiencing a surge in investment and strategic interest. Companies are increasingly recognising the unique potential of e-sports to engage with a highly engaged and digital-first audience, with the industry becoming a key platform for digital transformation and creative branding initiatives, especially among younger consumers.

Potential for cross-sector opportunities

The rapid momentum behind e-sports also opens up cross-sector opportunities across the **media, technology, and advertising industries**. With e-sports boasting a huge and growing following, there is potential for major **advertising sponsorships, events** management, and **personality branding**. The sector's natural appeal to **younger, tech-savvy audiences** makes it an ideal platform for brands to reach a demographic that is increasingly hard to engage through traditional media channels. Additionally, opportunities for collaboration across sectors such as fashion, technology, and even education are emerging, as brands seek to associate with popular e-sports events and personalities to enhance their market presence.

Content creation and digital innovation

Content creation and digital innovation are becoming central to the evolution of the e-sports industry. As the sector grows more immersive and digitally integrated, the development of advanced technologies like 3D environments and virtual reality is playing a pivotal role in enhancing fan engagement. These innovations allow for interactive experiences that captivate both players and viewers, setting new standards for how content is consumed within the e-sports ecosystem. This shift underscores the increasing importance of visually compelling and immersive formats, as brands seek to leverage cutting-edge digital tools to expand their reach and remain relevant in this rapidly evolving landscape.

Global trends

The growing influence of the creator economy

The surge in investments and acquisitions related to influencers reflects a broader industry shift towards embracing digital content and the metaverse. With virtual influencers leading the way, businesses are recognising the value in engaging audiences through immersive, personality-driven experiences that transcend geographical boundaries. As the creator economy grows increasingly data-driven and globalised, virtual influencers are set to play an even more prominent role in shaping the future of advertising and digital engagement.

Here's how creators and virtual influencers are creating value across borders.

Introducing virtual influencers

Virtual influencers, also known as V-Tubers, are entirely digitally created personas that are reshaping the digital marketing landscape. Unlike traditional influencers who are real people interacting with audiences online, virtual influencers are computer-generated characters designed to engage audiences, especially younger, tech-savvy demographics. This emerging trend has sparked significant investment and innovation, with companies increasingly focusing on the creation and management of these artificial figures.

The demand for immersive digital experiences has positioned virtual influencers as key players in the creator economy, offering unique ways for brands to connect with their audiences. These digital personas are also gaining prominence within the metaverse – a fully immersive 3D digital space where users interact through avatars. Virtual influencers are at the forefront of this shift, hosting virtual concerts, leading brand campaigns, and participating in digital events. Their rise signals a broader movement toward virtual content and metaverse-driven experiences, which are set to play a larger role in entertainment, social media, and marketing as the technology continues to evolve.

Monetisation of the creator economy

As the creator economy matures, there is a growing focus on monetising influencer marketing through more advanced, data-driven approaches. Companies are now using sophisticated data tools to analyse the performance of influencers and to fine-tune advertising campaigns, ensuring that content resonates with the right audience and drives measurable engagement. This data-driven focus is expected to further fuel investment with influencers in niche marketplaces as brands seek to maximise the value of their partnerships with online personalities.

Globalisation of the creatives and influencers

The global nature of the creator economy is another driving force behind its growth. These online personalities are not limited by geography, which enables brands to leverage their appeal across international markets. Cross-border investments in virtual content creation are growing, with businesses looking to harness the influence of creators and influencers to reach diverse, global audiences. Virtual influencers meanwhile, can effortlessly bridge cultural and linguistic divides, allowing companies to expand their reach to new regions and consumer bases without the constraints faced by traditional marketing. This is evident in the rise of collaborations across multiple platforms, languages, and countries, as companies invest in influencers and virtual personalities that can resonate with audiences on a worldwide scale.

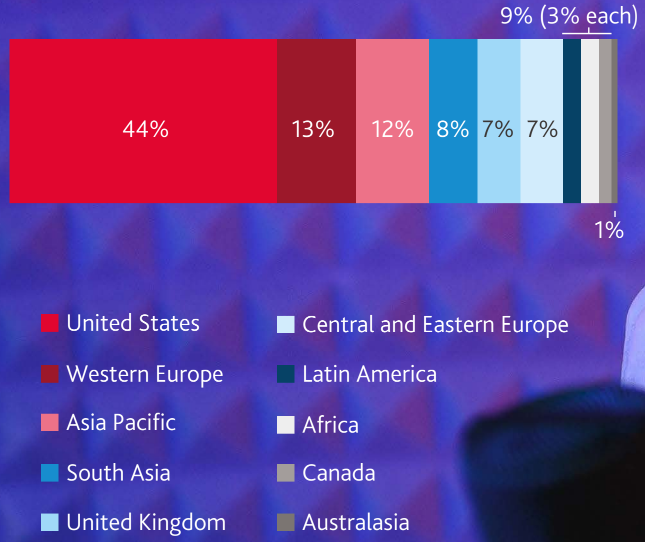
Global trends

How traditional media formats are adapting

While digital platforms and technologies dominate the current media landscape, traditional media formats such as broadcasting and publishing are far from obsolete. Indeed, traditional publishing and broadcasting remained active sectors in H1 2024, particularly in Europe. These formats continue to play a crucial role in the media landscape, adapting through consolidation, digital innovation, and a focus on diverse content offerings.

Let's take a closer look at the publishing and broadcast landscape.

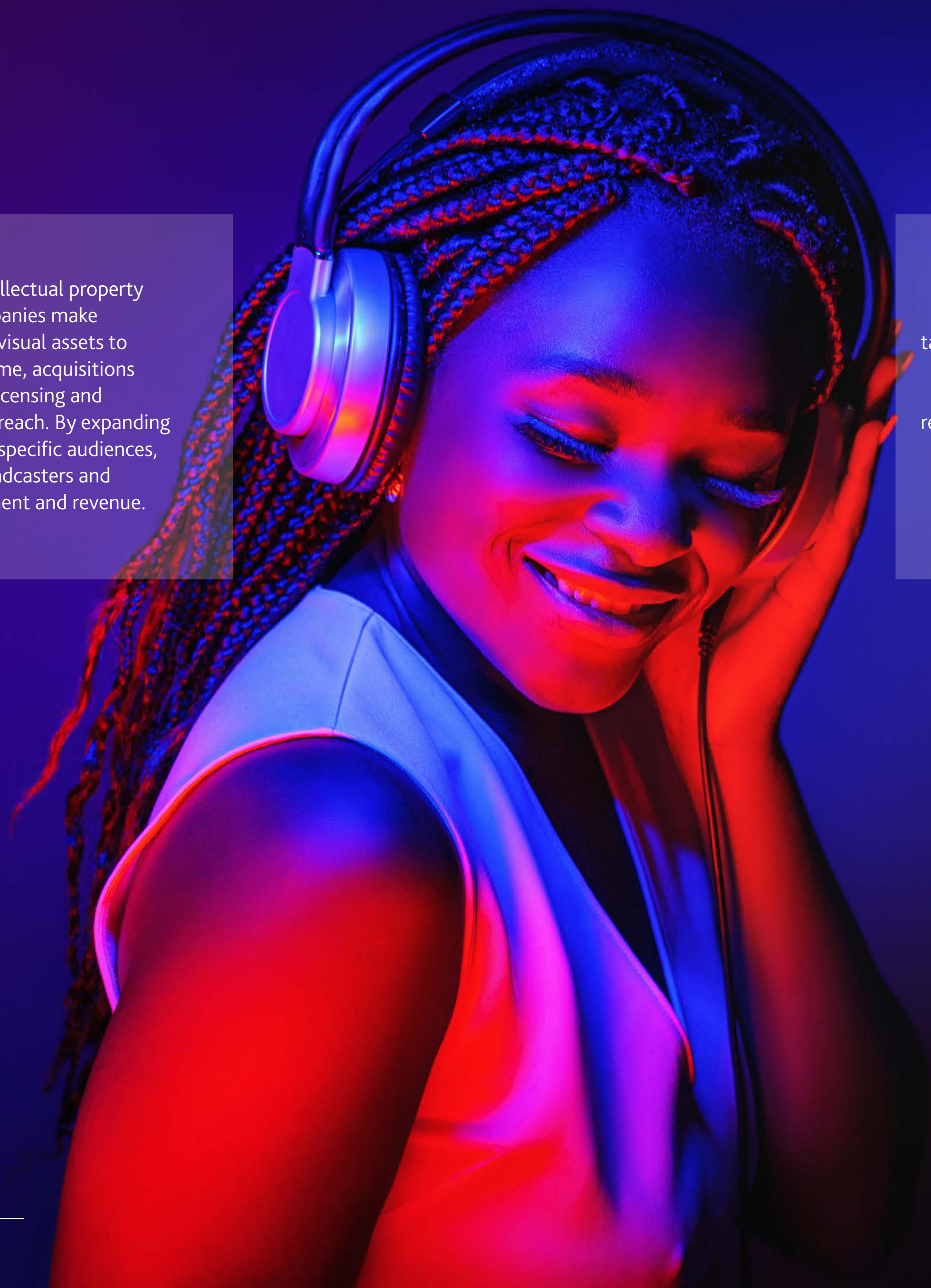
Percentage broadcasting deals by region



Consolidation and high-value transactions

Traditional broadcasting is experiencing a wave of consolidation as companies aim to expand their content libraries to compete with digital networks. High-value deals across multiple regions reflect a trend toward building larger portfolios to compete with digital platforms. These acquisitions allow traditional broadcasters to enhance their content offerings and maintain competitive advantages.

The publishing sector is also seeing significant consolidation, particularly within academic and niche markets. Companies are making strategic acquisitions to bolster their digital capabilities and compete with the rise of self-publishing and digital content. For example, **Bloomsbury Publishing's acquisition** of academic publisher **Rowan and Littlefield** for **US$76 million** demonstrates a focus on expanding digital content delivery and strengthening their market position.



Licensing and multimedia demand

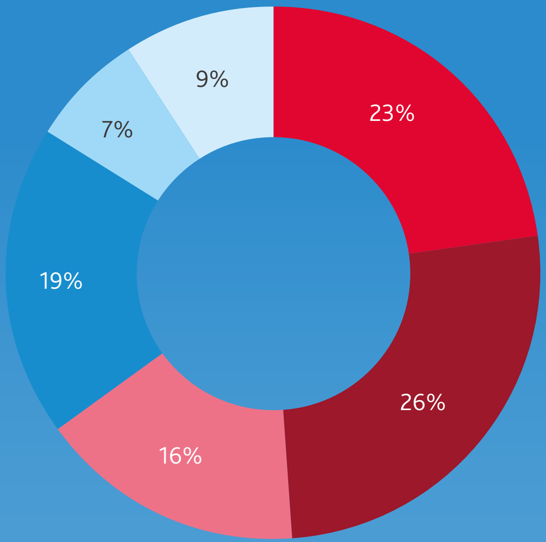
The demand for multimedia content and intellectual property continues to grow, as traditional media companies make significant investments in acquiring valuable visual assets to expand their content libraries. At the same time, acquisitions in niche areas showcases the importance of licensing and specialised content as a means of expanding reach. By expanding their content libraries with assets tailored to specific audiences, companies can better serve the needs of broadcasters and enthusiasts, ultimately driving both engagement and revenue.

Diversification and cultural Representation

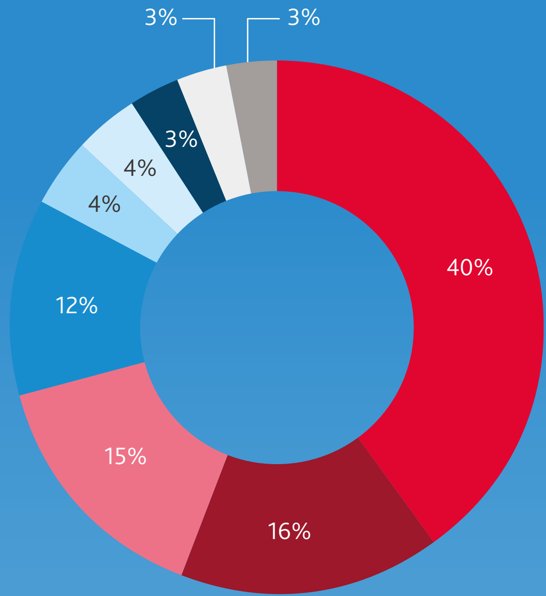
A growing focus on content diversity and multicultural representation is also present. M&A activity is increasingly targeting multilingual and culturally specific content providers to meet the demand for more inclusive programming. By investing in diverse content, traditional broadcasters are expanding their reach to underserved audiences, ensuring they remain relevant in an evolving media landscape.

Market analysis

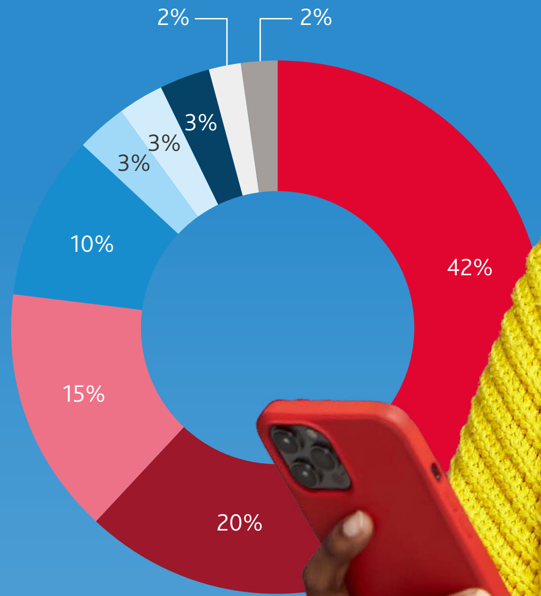
H1 2024 Global Media M&A: Transactions by subsector



H1 2024 Global Media M&A: Top Acquiror Regions



H1 2024 Global Media M&A: Top Target by Region



- Publishing
- Broadcasting and content
- Advertising
- Marketing services
- Digital media
- Public relations

- United States
- Western Europe
- Asia Pacific
- United Kingdom
- Australasia
- Canada
- South Asia
- Central and Eastern Europe
- Other

Market analysis

United States

In the first half of 2024, the United States solidified its role as the powerhouse behind global media M&A activity, outpacing other regions even amid a broader global slowdown. US-based targets were involved in 40% of all deals, while nearly the same percentage – 39% – featured American acquirers. This underscores the sheer size and influence of the US in driving media acquisitions worldwide, as the nation continues to set the pace in shaping the industry.

The US at a glance

2024

40% of deals acquired US-based targets

39% of all deals globally involved a US-based acquirer

58% of deals were related to advertising

13% of deals were related to broadcasting

A notable shift in 2024 was the resurgence of the advertising sector, which made up 58% of all announced deals in the US. One of the marquee transactions in this space was **the sale of Simon Property Group's remaining 10% stake in Authentic Brands Group (ABG)** in May. ABG, the world's largest sports and entertainment licensing company, had already made waves earlier in the year with strategic acquisitions, including a stake in **British sports publisher Minute Media** and its long-term licensing rights to publish Sports Illustrated. With Sports Illustrated boasting a combined reach of over 20 million weekly readers and subscribers, this acquisition not only bolstered ABG's content portfolio but reaffirmed the value of legacy media brands in a digital-first world.

Broadcasting M&A, though a smaller segment, still accounted for 13% of US deals in H1. Among these was **MediaCo Holding's acquisition of Estrella Media's content and digital operations**, a move that highlights the growing economic and cultural influence of the Hispanic market. Estrella Media, a Spanish-language broadcaster, is particularly significant given that if the US Latino economy was ranked as a standalone entity, it would be the fifth largest in the world by GDP. As both major political parties prepare for the 2024 Presidential election, the importance of reaching Hispanic voters has made this acquisition even more valuable, with Estrella Media positioned to become a key player in the election cycle through its targeted content and voter engagement campaigns.

Beyond broadcasting and advertising, 2024 also witnessed the trading of well-known digital media brands. In March, **Paste Media Group** added **The A.V. Club**, a pop-culture and satirical media site, to its growing portfolio. This deal follows Paste's earlier acquisitions of feminist magazine Jezebel and the political news site Splinter, marking a clear trend of consolidation in the digital media landscape, as companies seek to build diverse portfolios across entertainment, politics, and culture.

Another key transaction in H1 was **Pan Communications' acquisition of Indianapolis-based ad agency BlastMedia**. This merger, which led to the rebranding of the firm as PAN Blast, reflects the convergence of advertising, PR, and tech-focused marketing services – a growing trend as brands seek to leverage integrated communication strategies in a highly competitive market.

Market analysis

United Kingdom

The UK media M&A landscape saw a broad range of activity across key sectors in H1, with advertising, broadcasting, and publishing standing out as primary areas of focus. Overall, the deals involved a nearly even split between domestic and international buyers, underscoring the UK's appeal as a global hub for media transactions.

The advertising and marketing services sector took the lead, accounting for 36% of all UK media deals. Both UK and foreign buyers were active, reflecting the cross-border appeal of British marketing firms. One of the standout transactions was **Charterhouse Capital Partners**' acquisition of London-based sports marketing firm **Two Circles** for approximately **US$315 million**, a move that underscored the ongoing value of sports-related media.

The U.K. at a glance

2024

12% of deals acquired UK-based targets

36% of deals focused on advertising and marketing

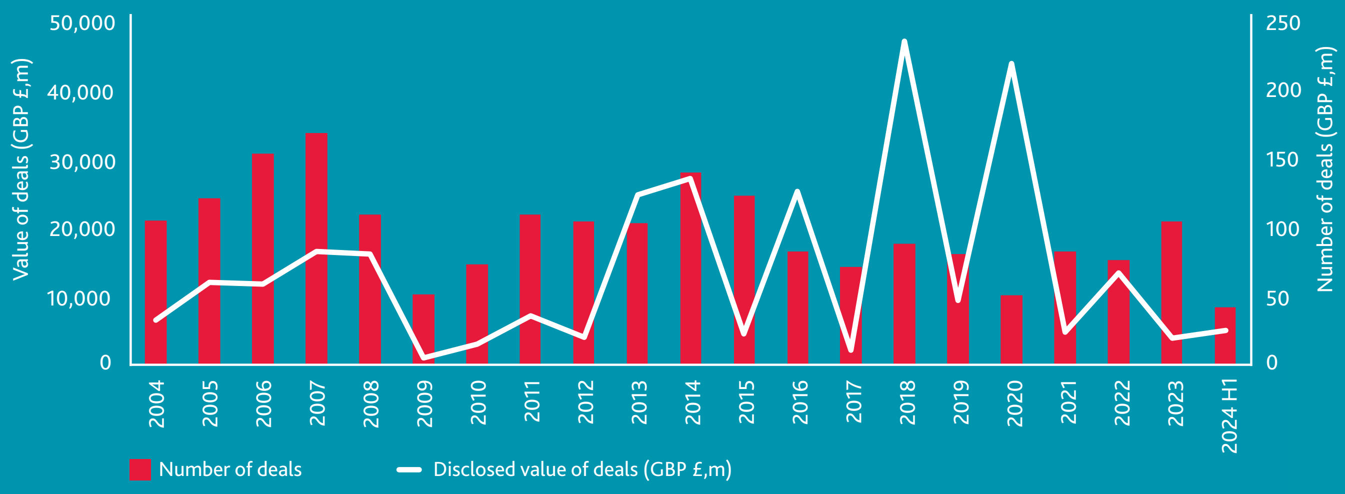
26% of deals were related to broadcasting and content

21% of deals were related to publishing and media licencing

Broadcasting and content deals comprised 26% of UK transactions, with a strong mix of domestic and international acquirers. One of the most notable deals was the US investment group **RedBird IMI's acquisition of the UK's All3Media for US$1.5 billion** in February. All3Media, a major force in television production, attracted significant international interest, illustrating the ongoing appeal of British content in the global market. Another key deal from January saw **TBD Media**, a prominent UK documentary producer, snapped up by London-based **Acumen International Media**, signalling a consolidation trend in the content creation space.

In publishing and media licensing, both domestic and international buyers sought to capitalise on the sector's growth. In May, UK private equity firm **Intermediate Capital Group** acquired a significant stake in **Law Business Research** for around US$850 million, underscoring the value of specialised information services in today's data-driven economy. Additionally, US-based **Getty Images** expanded its UK footprint by acquiring multimedia library **Autosport Media** in April, marking another step in the consolidation of visual media assets.

UK Media Sector: All M&A Deal volumes and values (2004 – H1 2024)



Public relations took a smaller but still notable portion of focus, accounting for 10% of UK deals. A major move in this sector occurred in June when **US-listed Public Policy Holding Co acquired UK-based Pagefield Communications** for approximately **US$22 million**. This deal reflects the growing demand for PR and public affairs services, especially as businesses navigate increasingly complex political and regulatory environments. Similarly, **UK firm Cavendish Consulting** expanded its portfolio by acquiring **Belfast-based MCE** in April, demonstrating an ongoing trend of consolidation within the PR industry.

And finally, digital media continued to draw interest – responsible for 7% of UK deals, particularly from domestic buyers. One notable example was the acquisition of reputation intelligence monitoring company **Social360** by **Signal Media**, a UK-based online media monitoring service provider. This acquisition signals a growing demand for technology-driven media monitoring solutions, as companies seek more sophisticated tools to track and manage their reputations in an increasingly digital world.

Market analysis

Western Europe

With some exciting transactions in the emerging e-sports and digital content space, Western Europe maintains a strong presence across a wide range of traditional and up-and-coming sectors, with 16% of global deals targeting the region. Western European companies were also active buyers in the first half of 2024, instigating 20% of deals in H1 and further cementing the region's importance in the media landscape.

Western Europe at a glance

2024

16% **of deals acquired Western Europe-based targets**

20% **of all deals globally involved a US-based acquirer**

51% **of deals were focused on advertising**

Advertising deals made up over half of all Western European media transactions so far this year. France led the way, representing 21% of these deals, closely followed by Germany at 15%. One of the region's standout deals was in the burgeoning e-sports sector in June, when Singapore-based **Nodwin Gaming International** acquired **German e-sports marketing company Freaks 4U Gaming** for over **US$32 million**. Another notable example was the **acquisition of Tessellation Studios** by Basque firm **Aski-da Taldea** in April. Tessellation Studios specialises in 3D content for media, television, e-sports, and corporate communication, signalling the increasing importance of immersive and interactive content in branding and marketing.

Traditional advertising, meanwhile, also remained an attractive target. In May, Swiss newspaper publisher **Neue Zürcher Zeitung** acquired outdoor advertising company **APG|SGA for US$182 million**, showcasing the enduring value of conventional advertising platforms in the region. This is further reflected by the earlier acquisition of Icelandic telecom company **Síminn** by advertising firm BBI for **US$37 million** in January.

While broadcasting and content-related deals made up a smaller portion of M&A activity, they featured some of the largest transactions of the year. In February, French digital music publisher **Believe** received a **US$1.44 billion offer** from a consortium **led by EQT and ICMI** for a majority stake, reflecting the global interest in digital music publishing and content creation. Similarly, the rise of electronic dance music (EDM) was underscored by the April **acquisition of Cloud 9 Music** by Dutch investor **Beat Music Fund**, a subsidiary of Armada Music. Known for its EDM roots, Armada Music's move hints at the rising demand for niche and emerging music genres in Western Europe.

Market analysis

Asia Pacific

The Asia Pacific (APAC) region remains a vibrant centre for media M&A activity, with advertising continuing to dominate the space. The region's appeal was further boosted by ongoing interest in South Korean entertainment and innovative digital media trends, notably the rise of virtual content creators.

APAC at a glance

2024

15%	**of deals acquired Asia Pacific-based targets**
60%	**of deals were related to advertising**
60%	**of Asia-Pacific deals were Japanese targets**

Japan's advertising market proved to be a key focal point in H1 2024, solidifying its position as the epicentre of M&A in APAC. Among the more intriguing deals was **Brave Group's January acquisition of Smarprise**, a company specialising in production services for virtual YouTubers (V-Tubers), from Game 8, a subsidiary of Gunosy, for **US$2.7 million**. Brave Group's move underscores Japan's role in advancing virtual and immersive content creation as the metaverse continues to gain traction globally.

South Korea's entertainment sector also attracted considerable attention, reflecting its ongoing influence on global pop culture. In March, South Korean entertainment giant **HYBE acquired a US$78 million stake in SM Entertainment**, a key player in K-pop and global music. Just two months later, in May, **Mirae Asset Securities** made headlines by announcing its intention to purchase a **2.6% stake in HYBE**, valued at around **US$160 million**. These deals highlight the robust demand for South Korean entertainment assets, as K-pop and other Korean cultural exports maintain their global appeal.

While Japan and South Korea took centre stage, the broader APAC region continues to be a hotbed for innovative media deals. The combination of traditional advertising deals and new-age digital content acquisitions suggests that APAC will remain a major player in the global media landscape. With the advertising sector at its core, the region is also pushing the boundaries of entertainment and digital content, driven by both local and international demand. As M&A activity in the region continues to evolve, APAC is expected to see further growth in these dynamic sectors throughout 2024 and beyond.

Market analysis

Rest of the world

Deals outside the major markets of North America, Europe, and Asia-Pacific continue to trend toward regional expansion and cross-border acquisitions. Despite contributing a smaller share to the overall disclosed deal value, these deals support the increasing globalisation of the media space.

The rest of the world at a glance

2024

25.1%	**Africa global disclosed deal value**
2.2%	**Australia and New Zealand global disclosed deal value**
1.4%	**Eastern Europe global disclosed deal value**
0.1%	**South America global disclosed deal value**

Of the nine deals recorded in South America, Brazil led the activity with deals such as **North Star Network**'s acquisition of the Brazilian sports news and analysis publisher **Um Dois Esportes** in April along with its earlier purchase of the Chilean sports media publisher **AlAireLibre**. Both deals signal a clear focus on the sports media market in the region, with North Star Network positioning itself to tap into the passionate sports culture that defines much of Latin American entertainment.

Africa meanwhile saw a significant share of global deal value, largely driven by **Groupe Canal Plus**' proposed acquisition of the remaining shares in **MultiChoice Group**, one of Sub-Saharan Africa's largest satellite TV and entertainment companies. This deal, estimated at **US$2.8 billion**, emphasises the value of African media assets as international players continue to recognise the continent's growth potential in entertainment. Another notable deal in Africa was **Universal Music Group**'s offer to acquire a majority stake in Nigeria's **Mavin Records**, reflecting the global demand for Afrobeats music. This genre, with its growing international audience, has drawn the attention of major global music labels, eager to capitalise on the success of African artists and their influence on the global music scene.

Crossing over to Western Asia, Saudi Arabia is looking to drive investment in e-sports through the coming year. The announcement by the International Olympic Committee (IOC) of an **E-sports Olympics in 2025** to be hosted by Saudi Arabia, coupled with discussions about e-sports events at future Olympic Games, promotes the region's interest in this emerging market. Sovereign wealth funds, including Saudi Arabia's Public Investment Fund (PIF) and Abu Dhabi's ADIA Fund, have already begun to explore investments in e-sports events, teams, and game development, highlighting the region's ambition to become a global leader in the rapidly expanding e-sports industry.

Corporate M&A activity

Corporate M&A activity showcased a diverse array of sectors in H1 2024, ranging from advertising and marketing services to entertainment and digital innovation. While some of the world's largest advertising agencies were more reserved in their deal-making, France's Havas stood out as one of the most active, while other corporations outside the traditional media landscape also made strategic moves.

London-based **WPP** had a relatively quiet H1 2024, marked by a single acquisition in February. The company secured a minority stake in the Germany-based advertising agency **Oh-So Digital** for an undisclosed sum. However, France's **Publicis** demonstrated more vigour with a series of strategic acquisitions. In February, Publicis joined a US-led consortium to acquire Israeli app developer **Bria AI**, a firm known for its AI-driven image generation technology. This was followed by the June acquisition of **Downtown Paris**, an art and brand creation house, further expanding Publicis's creative offerings.

Among the advertising industry's Big 6, **Havas** has been the most dynamic. Together with parent company Vivendi, Havas made **two notable acquisitions** in the business-to-business (B2B) marketing space: UK-based **Ledger Bennett** in February and the advertising firm **Liquid** in May, both for undisclosed amounts. Havas also strengthened its digital capabilities by acquiring social media agency **Wilderness** in March and digital transformation specialist **TED Consulting** in April. These deals highlighted Havas's commitment to digital marketing and transformation, keeping pace with changing industry dynamics.

Interestingly, corporate M&A activity extended into new realms like AI and Web3. In a notable deal from the insurance sector, **The Phoenix Group** acquired a **12.5% stake** in Dubai-based AI and Web3 startup **RektStudios** for **US$2.5 million**. RektStudios has built a reputation for its work in game conceptualisation and development, showcasing the growing interest in AI-driven and Web3 solutions across industries. This deal illustrates how industries like insurance are increasingly looking to invest in cutting-edge technologies to stay ahead of digital transformations.

The Indian media landscape also saw significant corporate manoeuvring. In February, **Star India**, a major player in Indian entertainment, acquired the media operations of **Viacom18**. This was followed by **Reliance Industries**' May announcement of its intention to acquire **Paramount Global's stake in Viacom18** for over **US$500 million**. These moves reflect the consolidation occurring in India's dynamic media sector, where global players and domestic giants are vying for control of valuable media assets.

Private Equity

Private equity (PE)-backed activity was relatively subdued in the first half of 2024, making up just over 10% of total deals. However, despite the lower volume, the PE deals that were announced provide a snapshot of the global trends within the sector, including gaming, crossover advertising and digital content.

A significant portion of the activity centred around US-based companies, which attracted 40% of PE-back deals and more than two-thirds of the disclosed deal value. This was followed by the United Kingdom, which attracted 12% of the deal flow. The themes of digital content, marketing, analytics, and advertising were at the forefront of many of these deals.

Among the notable transactions, **Silchester International Investors** made waves in February by acquiring a **5% stake in ITV**, one of the UK's most prominent television broadcasters, for a sum rumoured to be around **US$150 million**. This investment reflects the continued importance of established media brands adapting to new digital landscapes.

Another standout deal came from the gaming sector, where **CVC Partners** and **Haveli Investment Management** joined forces to acquire Cambridge-based video game developer **Jagex** from The Carlyle Group in a transaction valued at approximately **US$1.14 billion**. Known for its flagship MMORPG series, RuneScape, Jagex boasts an active user base of over 2.4 million subscribers. This acquisition confirms the enduring appeal of the gaming sector, particularly companies with established communities and recurring revenue models.

An interesting crossover between social media, advertising, and the growing demand for online anonymity was evident in the May acquisition of Germany's **LAYZR** by **The Jodel Venture**. LAYZR, a producer of NFT trading cards centred around sports, e-sports, and entertainment, was acquired for an undisclosed sum. Jodel, a social media platform focused on hyper-local news and event feeds, highlights the importance of localised content delivery and anonymous online interaction in today's digital age.

Data and analytics also drove one of the largest PE-backed deals of the first half of 2024. In a significant move, **BlackRock** acquired London-based financial technology and analysis company **Preqin** for a massive **US$2.5 billion**. Preqin, known for its data and insights into alternative assets, reflects the increasing demand for actionable financial data, as private equity investors look to gain a competitive edge in a rapidly evolving market.

Mid-market activity

Approximately 26% of all deals with a disclosed deal value were in the mid-market – defined as transactions ranging from US$13 million to US$400 million. These deals reflected broader trends in the global M&A market, showcasing the ongoing appeal of traditional media formats while simultaneously highlighting the increasing importance of digital platforms, mobile advertising, and data analytics.

While advertising deals dominated in terms of volume, the largest portion of disclosed deal value was seen in the broadcasting and content space. Mid-market advertising transactions covered a broad spectrum, from traditional outdoor and print advertising to cutting-edge digital marketing and analytics. A major highlight in the outdoor advertising sector was **Bell Media**'s acquisition of **OUTFRONT Media**'s Canadian operations, a significant player in the North American outdoor media market. The June deal, valued at **US$297 million**, underscores the enduring appeal of outdoor advertising, particularly in North America, where physical media still commands attention.

Meanwhile, in the digital advertising arena, **Sweden's Verve Group** made headlines in January by acquiring US-based mobile advertising specialist **Jun Group Productions** for **US$185 million**, reflecting the growing importance of mobile and in-app advertising.

Further highlighting the importance of data-driven marketing, **BarkleyOKRP** acquired **Adlucent**, a digital marketing and analytics company, for **US$42 million** in May. This acquisition highlights the need for brands not only to create advertising content but also to measure its impact effectively in a highly competitive digital landscape.

Traditional media continued to play an essential role in the mid-market. In May, **Shutterstock**, a major player in the global stock photography and video market,
acquired **Envato**, an Australian stock photography and video platform, for **US$245 million**.
With Shutterstock boasting a library of over 450 million stock images, this deal enhances its multimedia offering, reinforcing the significance of visual content in today's digital world.

Personality-led advertising also made a significant mark in H1, with **Commerce Media Holdings** acquiring the digital assets of **Complex Networks** for **US$108.6 million** in February. Complex Networks, known for its pop-culture and fashion news, continues to draw attention for its influence-driven advertising model, proving that celebrity and influencer-led content remains a powerful driver of consumer engagement and retail growth.

Looking forward

Looking ahead to the second half of 2024, there are clear indicators that media M&A activity will remain dynamic, fuelled by several global trends that have shaped the first half of the year. With the return of advertising, the ongoing rise of e-commerce, the mobile-first era, the growing prominence of e-sports and gaming, and the expansion of the online creator economy, the media sector is positioned for further consolidation and growth.

E-sports growth

The announcement of an Esports Olympics Series in 2025, combined with discussions about future e-sports exhibition events at the mainstream Olympics, signals the rising importance of this sector. Expect significant M&A activity across advertising, marketing, event management, and e-sports personality branding.

Publishing consolidation

Consolidation in the publishing sector will likely intensify in H2 2024. The Big 5 publishers, which account for 80% of all book sales, are set to expand through acquisitions. Smaller publishers may also become prime acquisition targets for larger players, particularly as self-published books continue to trend.

Private Equity expansion

With over US$3 trillion in uninvested capital, private equity firms have been relatively quiet in H1 2024. However, H2 is expected to see a surge in deal activity as these firms look to invest in the right assets and technology, driving further consolidation across media and digital sectors.

Looking forward

Secondary markets

Expect increased focus on secondary markets, especially in central and eastern Europe and South-East Asia. As traditional media markets mature, companies and investors will turn to these regions for growth opportunities and technological advancements.

Mobile-first era

As mobile phones become further integrated into everyday life, advertising within mobile apps is set to expand. With millions of mobile apps in the marketplace, companies will continue to capitalise on the vast potential of mobile advertising, driving M&A activity.

Online creator economy

The creator economy is growing, driven by influencer-led advertising. As personality-driven content continues to resonate with audiences, brands will increasingly rely on influencer marketing and content platforms, sparking M&A in this space.

E-commerce integration

E-commerce remains a critical component of media sector growth, with brands seeking integrated solutions for advertising, sales, and customer experience. Expect further consolidation in this sector as companies strive to enhance their capabilities through acquisitions.

We hope you find our insights valuable, and as always, welcome your feedback at bvanderwalt@bdo.co.za

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