

**Harris Williams & Co.**  
middle market\*

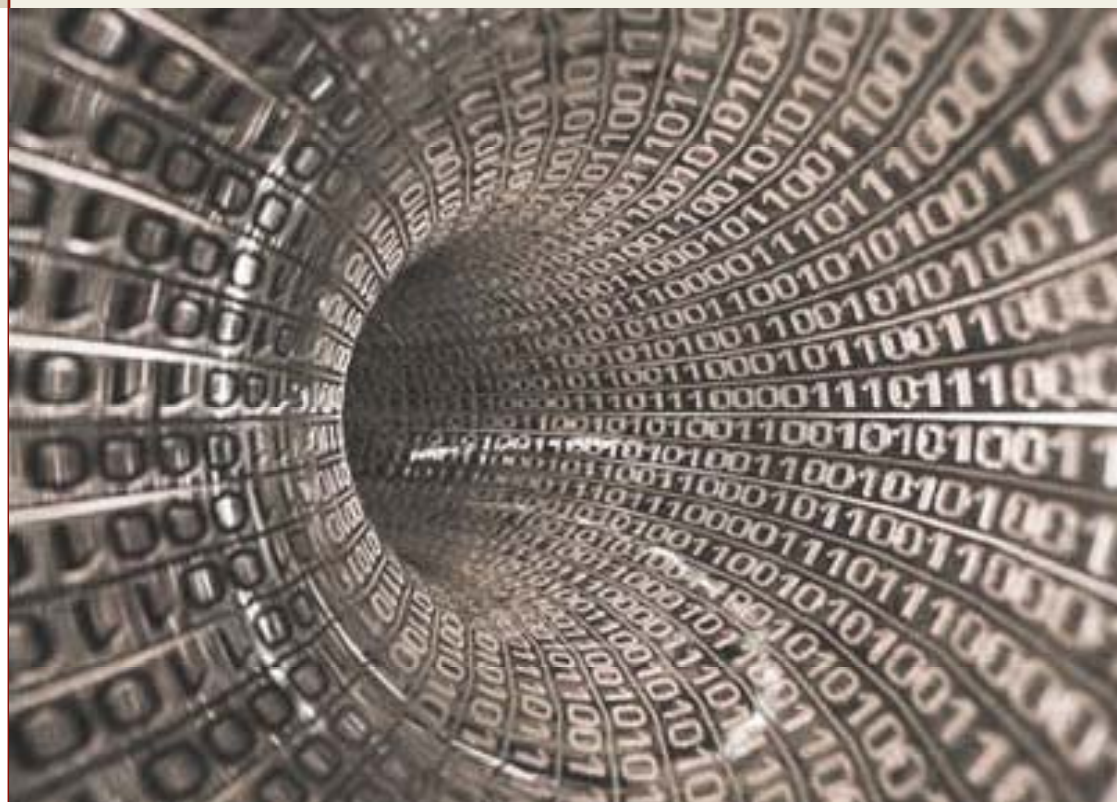
## European Technology Update

December 8, 2010

**Thierry Monjauze**  
Managing Director  
63 Brook Street  
London W1K 4HS  
United Kingdom  
Phone: +44 20 7518 8901  
tmonjauze@harriswilliams.com

**Francois Morin**  
Vice President  
63 Brook Street  
London W1K 4HS  
United Kingdom  
Phone: +44 20 7518 8907  
fmorin@harriswilliams.com

[www.harriswilliams.com](http://www.harriswilliams.com)



This report has been prepared by Harris Williams & Co. Ltd and approved by Sturgeon Ventures LLP in accordance with Conduct Of Business rules COBS 4 of the FSA Handbook. Harris Williams & Co. Ltd is an authorised representative of Sturgeon Ventures LLP which is Authorised and Regulated by the Financial Services Authority. This report is being made by Harris Williams & Co. Ltd. Investment banking services are provided by Harris Williams LLC, a registered broker-dealer and member of FINRA and SIPC, and Harris Williams & Co. Ltd. Harris Williams & Co. is a trade name under which Harris Williams LLC and Harris Williams & Co. Ltd conduct business in the U.S. and Europe, respectively.

### Company Specific News

- Verifone has agreed to acquire electronic payment provider **Hypercom** for \$485 million
- RIM has acquired Swedish user-interface designer **The Astonishing Tribe**
- Zynga has acquired mobile gaming company **Newtoy**, its seventh acquisition in seven months
- **Milo**, a local ecommerce company, has been acquired by eBay for \$75 million
- Google and **Groupon** have called off discussions regarding a \$6 billion buyout
- Separately, Groupon acquired US local marketing company **Ludic Labs** and three Asian businesses, **uBuyiBuy** in Hong Kong, **Beeconomic** in the Philippines and **Atlaspost** in Taiwan
- Accel Partners has sold approximately 20% of its **Facebook** holdings at a valuation of nearly \$35 billion
- WM Morrison is rumoured to be preparing a bid for UK online grocer **Ocado**<sup>1</sup>
- Liberty Media has exchanged its entire stake in **IAC** for operating assets, including Evite and Gifts.com, and \$220 million in cash
- Media publishing software provider **Eidos Media** has sold a 60% stake to private equity groups Wise and Aksia
- **Autonomy** announced that its widely anticipated acquisition has been delayed due to the consideration of an “additional opportunity”
- Kleiner Perkins is expected to lead a new round in **Twitter** at a valuation of nearly \$4 billion<sup>2</sup>
- **Living Social**, a Groupon competitor, has raised \$175 million from Amazon
- **Azurro Semiconductors**, a manufacturer of high-quality epi wafers, has raised €14.5 million from Wellington Partners, Good Energies and Emerald Technology Ventures
- Cloud software provider **Abiquo** has raised \$10 million from Balderton Capital and existing shareholders Nauta Capital and Eurecan
- European local review site **Qype** has raised €6 million from Vodafone Ventures and existing investors Advent Ventures, Partech International and Wellington Partners
- **E-Blink**, a French mobile network developer, has raised €6 million in a round led by Masseran Gestion
- UK emarketing company **myThings** has raised \$6 million from T-Venture, Accel Partners, Carmel Ventures, GP Bullhound and Dot Corp
- French online dating site **Smartdate** has raised €3.5 million from the founders of Price Minister
- Runa Capital has invested \$2 million in Russian voice-enabled mobile social networking platform **OnAir3G** for the firm’s inaugural investment
- **Plista**, the preference-based advertising network, has raised €2.5 million from Credit Agricole Private Equity and NWZ
- Leading Russian search engine **Yandex** is targeting a \$1 billion IPO in London in the first half of 2011
- Microelectronic components provider **Aeroflex** raised \$233 million in its NYSE IPO
- The private equity owners of Danish telecom company **TDC** have set the IPO price range at Dkr47-56, which could raise up to €1.8 billion
- US travel search engine **Kayak** filed for a \$50 million IPO
- Educational IT company **Promethean World** issued a profit warning, causing its share price to fall by 30% to around 70% below its IPO offering price
- **SAP** was ordered by a US court to pay Oracle \$1.3 billion for copyright infringement

### Industry Trends

- **Global tablet PC sales** are expected to hit 100 units per annum by 2013 compared to 800 million smartphones, according to DigitTimes
- **US internet ad revenues** were a record \$6.4 billion in the third quarter, a 17% increase over the third quarter of 2009, according to IAB and PricewaterhouseCoopers
- **Mobile gaming revenue** is expected to exceed \$11 billion by 2015, rising from \$6 billion in 2009, while the in-game purchase model overtakes the pay-per-download model
- According to Travelodge, 72% of **UK adults** check Facebook while in bed and 18% tweet from bed on a regular basis
- **US ecommerce spending** exceeded \$1 billion on CyberMonday (the Monday following Thanksgiving), according to comScore, representing a 16% increase from 2009 and the first single day to exceed \$1 billion
- According to BIA/Kelsey, **US mobile ad revenue** will reach \$2.9 billion in 2014 with 69% from local compared to \$491 million in 2009 with 44% local

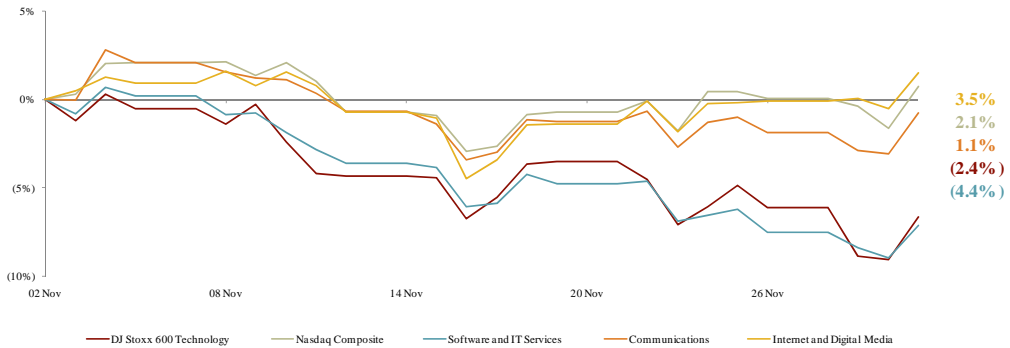
Source: Industry news sources.

(1) Source: MergerMarket.

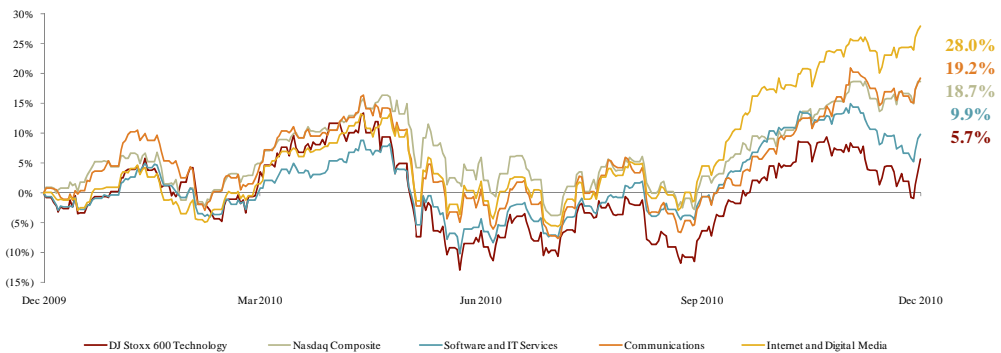
(2) Source: TechCrunch.

Stock Performance

Last 30 Days



Last Twelve Months

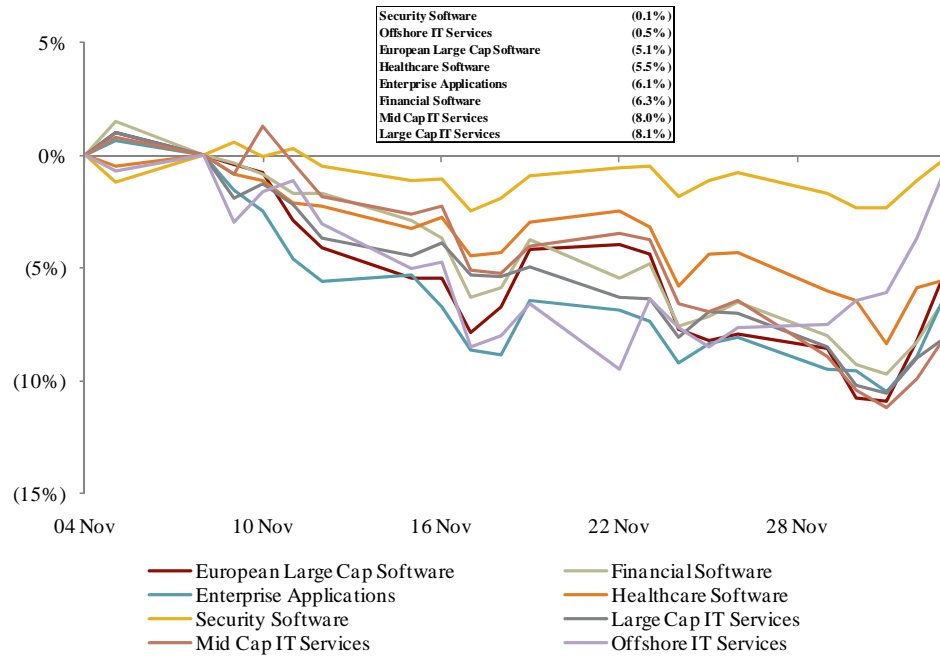


Sources: Capital IQ, 5 December 2010; Brokers' reports.

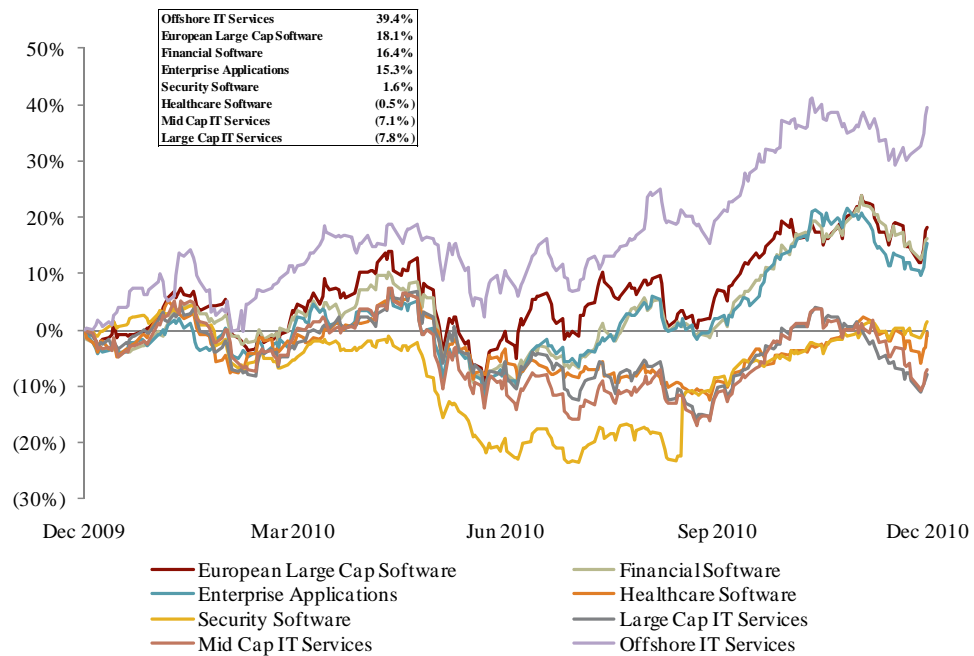
Comparable Trading Summary

	CY2010E		EV / Revenue		EV / EBITDA		P / E		
	EBITDA Margin	Growth	CY2011E	CY2012E	CY2011E	CY2012E	CY2011E	CY2012E	
<b><u>Software and IT Services</u></b>									
Enterprise Applications	18.8%	3.1%	1.5x	1.4x	7.8x	7.0x	14.1x	12.3x	
European Large Cap Software	32.1%	9.3%	3.6x	3.4x	10.9x	10.0x	16.8x	14.8x	
Financial Software	23.1%	7.9%	2.3x	2.1x	8.6x	7.8x	15.6x	13.5x	
Healthcare Software	25.1%	20.3%	1.9x	1.6x	8.4x	7.0x	19.2x	15.8x	
Large Cap IT Services	13.2%	(1.3%)	0.8x	0.8x	5.8x	5.4x	11.8x	10.5x	
Mid Cap IT Services	11.0%	(2.8%)	0.7x	0.7x	6.0x	5.6x	9.4x	8.5x	
Offshore IT Services	24.7%	24.7%	3.6x	3.0x	14.4x	12.1x	20.7x	17.8x	
Security Software	34.1%	6.9%	3.3x	3.1x	8.9x	8.0x	16.7x	14.9x	
<b><u>Communications</u></b>									
Digital Broadband	13.2%	8.3%	0.8x	0.8x	5.6x	5.0x	11.2x	12.1x	
Diversified Communication Equipment	12.4%	21.4%	1.2x	1.1x	9.5x	9.0x	16.6x	13.9x	
Mobile Content / Solutions Providers	16.4%	34.5%	1.9x	1.7x	8.6x	7.1x	17.5x	14.0x	
Mobile Infrastructure Software	22.4%	8.0%	2.4x	2.5x	10.2x	8.3x	17.7x	18.0x	
<b><u>Internet and Digital Media</u></b>									
Chinese Internet Leaders	40.4%	37.1%	6.9x	5.4x	15.7x	12.5x	24.1x	19.1x	
Online Classifieds	40.5%	24.8%	5.7x	4.9x	13.4x	11.2x	22.9x	19.7x	
Content Providers / Communities	20.8%	8.2%	2.4x	2.1x	11.1x	9.7x	26.0x	25.1x	
Ecommerce	16.0%	22.3%	3.1x	2.5x	17.5x	13.8x	35.9x	28.9x	
Global Internet Leaders	33.7%	28.0%	5.2x	4.2x	14.5x	11.7x	25.0x	20.0x	
Interactive Entertainment	16.9%	29.4%	1.1x	1.0x	6.0x	5.1x	16.3x	12.4x	
Intermediation and Comparison	26.1%	7.3%	2.0x	1.8x	7.3x	6.6x	18.2x	17.5x	
Online Gambling	28.8%	(6.5%)	2.7x	2.6x	8.0x	7.4x	12.2x	11.4x	
Online Marketing	13.4%	8.4%	1.4x	1.3x	9.1x	7.4x	20.4x	16.0x	
Online Travel	29.1%	21.0%	4.4x	3.5x	14.0x	9.9x	25.2x	16.3x	

**Last 30 Days Performance**



**Last Twelve Months Performance**



Source: Capital IQ, 5 December 2010.

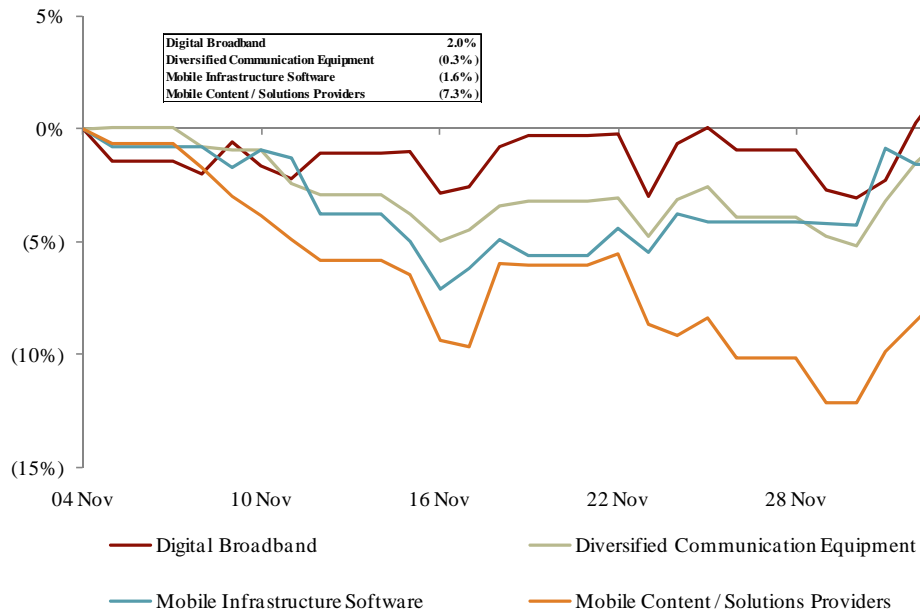
	Market Cap (\$m)	Enterprise Value (\$m)	CY2010E		EV / Revenue		EV / EBITDA		P / E	
			EBITDA Margin	Growth	CY2011E	CY2012E	CY2011E	CY2012E	CY2011E	CY2012E
<b>European Large Cap Software</b>										
SAP	58,156	60,439	33.1%	5.3%	3.4x	3.1x	9.9x	9.0x	14.7x	13.2x
Dassault Systemes	8,699	7,768	29.7%	15.0%	3.4x	3.1x	10.8x	10.0x	19.3x	17.5x
Sage	5,771	6,056	25.9%	(0.9%)	2.6x	2.5x	9.7x	9.2x	14.0x	13.1x
Autonomy	5,110	4,913	49.1%	17.2%	5.1x	4.6x	9.9x	8.7x	15.4x	14.0x
Software	3,788	4,122	27.7%	22.4%	2.6x	2.5x	9.3x	8.5x	14.2x	12.9x
Misys	2,481	2,715	21.5%	(16.5%)	3.1x	3.5x	13.0x	13.7x	19.2x	16.1x
Temenos	2,259	2,399	28.3%	23.7%	4.2x	3.8x	14.0x	12.0x	20.0x	17.3x
Aveva	1,672	1,452	34.7%	1.2%	5.2x	4.7x	14.7x	12.5x	24.6x	19.9x
Micro Focus	1,150	1,220	38.5%	16.0%	2.6x	2.5x	6.7x	6.5x	9.2x	8.8x
<i>Mean</i>			32.1%	9.3%	3.6x	3.4x	10.9x	10.0x	16.8x	14.8x
<i>Median</i>			29.7%	15.0%	3.4x	3.1x	9.9x	9.2x	15.4x	14.0x
<b>Financial Software</b>										
Intuit	14,690	14,514	34.9%	10.7%	3.7x	3.3x	9.8x	9.0x	18.9x	16.4x
Misys	2,481	2,715	21.5%	(16.5%)	3.1x	3.5x	13.0x	13.7x	19.2x	16.1x
Temenos	2,259	2,399	28.3%	23.7%	4.2x	3.8x	14.0x	12.0x	20.0x	17.3x
Fidessa	802	739	23.5%	8.2%	1.6x	1.4x	6.8x	6.2x	18.3x	16.6x
SimCorp	717	664	23.1%	(0.5%)	2.3x	2.1x	9.7x	8.1x	15.3x	12.6x
ORC	433	393	19.4%	47.4%	2.3x	2.1x	8.3x	6.7x	17.1x	13.0x
Innovation	198	168	10.5%	2.5%	0.6x	0.6x	4.8x	4.4x	12.7x	10.7x
Linedata	157	159	17.8%	(8.1%)	0.8x	0.7x	4.3x	4.1x	8.7x	8.3x
Microgen	137	101	25.7%	9.5%	1.8x	1.6x	7.1x	6.4x	14.6x	13.0x
StatPro	110	120	26.1%	1.7%	2.2x	2.0x	8.1x	7.5x	11.6x	11.3x
<i>Mean</i>			23.1%	7.9%	2.3x	2.1x	8.6x	7.8x	15.6x	13.5x
<i>Median</i>			23.3%	5.4%	2.2x	2.1x	8.2x	7.1x	16.2x	13.0x
<b>Enterprise Applications</b>										
Unit 4	881	975	20.5%	4.0%	1.6x	1.5x	7.3x	6.7x	17.3x	14.5x
SDL	717	629	19.5%	7.8%	1.9x	1.8x	9.3x	8.6x	17.0x	16.4x
Exact	656	593	22.3%	(8.4%)	1.9x	1.8x	8.3x	7.8x	15.4x	14.3x
F-Secure	417	378	17.3%	(3.4%)	2.0x	1.9x	9.4x	7.9x	15.9x	13.0x
Kofax	387	338	9.8%	9.8%	1.0x	0.9x	9.5x	9.7x	17.5x	15.4x
IFS	379	333	16.0%	5.8%	0.8x	0.8x	4.8x	4.2x	11.3x	9.8x
Cegid	252	349	24.9%	(4.3%)	1.0x	0.9x	3.9x	3.6x	8.2x	7.2x
Alterian	187	174	24.7%	14.5%	2.3x	2.1x	9.2x	7.8x	13.8x	11.6x
Kewill	129	110	14.6%	2.0%	1.1x	1.1x	8.0x	6.4x	10.8x	8.4x
<i>Mean</i>			18.8%	3.1%	1.5x	1.4x	7.8x	7.0x	14.1x	12.3x
<i>Median</i>			19.5%	4.0%	1.6x	1.5x	8.3x	7.8x	15.4x	13.0x
<b>Healthcare Software</b>										
McKesson	16,958	16,187	2.3%	1.6%	0.1x	0.1x	5.7x	5.4x	12.6x	11.6x
Cerner	7,558	7,112	29.9%	12.9%	3.4x	3.0x	11.0x	9.5x	26.0x	21.9x
Allscripts-Misys	3,364	3,775	17.8%	98.7%	2.6x	2.4x	13.6x	9.4x	20.3x	17.1x
Cegedim	813	1,419	19.3%	(1.7%)	1.1x	1.0x	5.4x	5.0x	8.4x	7.3x
CompuGroup	685	837	21.4%	(0.5%)	1.7x	1.5x	7.7x	6.7x	15.1x	11.6x
Advanced Computer Software	180	231	59.7%	11.1%	2.2x	1.5x	7.3x	6.1x	32.5x	25.4x
<i>Mean</i>			25.1%	20.3%	1.9x	1.6x	8.4x	7.0x	19.2x	15.8x
<i>Median</i>			20.4%	6.4%	2.0x	1.5x	7.5x	6.4x	17.7x	14.4x

Sources: Capital IQ, 5 December 2010; Brokers' reports.

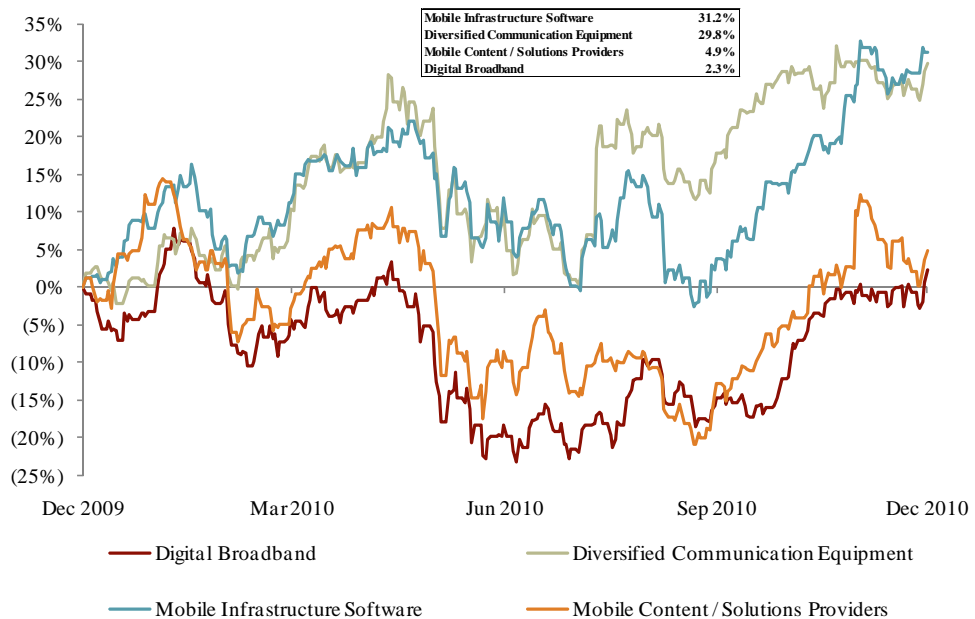
	Market Cap (\$m)	Enterprise Value (\$m)	CY2010E		EV / Revenue		EV / EBITDA		P / E	
			EBITDA Margin	Growth	CY2011E	CY2012E	CY2011E	CY2012E	CY2011E	CY2012E
<b>Security Software</b>										
Symantec	13,266	13,626	33.7%	1.8%	2.1x	2.0x	6.4x	5.4x	11.5x	9.7x
Check Point	9,380	8,426	58.9%	17.4%	7.0x	6.5x	12.0x	11.2x	16.9x	15.3x
McAfee	7,231	6,218	32.8%	7.1%	2.8x	2.6x	8.7x	7.9x	16.4x	15.3x
Trend Micro	4,350	2,920	27.5%	11.8%	2.5x	2.4x	8.1x	7.5x	22.8x	20.8x
F-Secure	417	378	17.3%	(3.4%)	2.0x	1.9x	9.4x	7.9x	15.9x	13.0x
<i>Mean</i>			34.1%	6.9%	3.3x	3.1x	8.9x	8.0x	16.7x	14.9x
<i>Median</i>			32.8%	7.1%	2.5x	2.4x	8.7x	7.9x	16.4x	15.3x
<b>Large Cap IT Services</b>										
Accenture	28,032	23,631	15.7%	4.6%	1.0x	0.9x	6.4x	6.0x	14.2x	12.9x
Computer Sciences	7,276	8,629	14.7%	1.8%	0.5x	0.5x	3.4x	3.2x	8.4x	7.9x
Cap Gemini	6,985	5,925	8.5%	(4.7%)	0.5x	0.5x	5.1x	4.6x	12.8x	10.9x
Capita Group	6,077	7,654	16.5%	0.4%	1.7x	1.5x	10.0x	9.2x	13.5x	11.9x
Atos Origin	3,067	3,231	10.5%	(8.6%)	0.5x	0.5x	4.1x	3.8x	10.2x	9.0x
<i>Mean</i>			13.2%	(1.3%)	0.8x	0.8x	5.8x	5.4x	11.8x	10.5x
<i>Median</i>			14.7%	0.4%	0.5x	0.5x	5.1x	4.6x	12.8x	10.9x
<b>Mid Cap IT Services</b>										
CGI	4,377	5,392	19.0%	10.6%	1.2x	1.1x	6.4x	6.1x	11.2x	10.1x
Logica	2,986	3,588	8.8%	(3.0%)	0.6x	0.6x	6.6x	6.1x	9.2x	8.3x
Indra Sistemas	2,727	3,202	12.7%	(6.9%)	0.9x	0.9x	7.1x	6.8x	10.1x	9.5x
Tieto	1,359	1,499	10.1%	(7.1%)	0.6x	0.6x	5.7x	5.2x	11.1x	9.8x
Sopra	872	1,041	10.0%	(2.4%)	0.6x	0.6x	6.1x	5.5x	9.9x	8.7x
Groupe Steria	683	973	8.9%	(3.7%)	0.4x	0.4x	4.5x	4.2x	7.9x	7.0x
GFI Informatique	203	357	7.2%	(7.1%)	0.4x	0.4x	5.4x	5.1x	6.8x	6.5x
<i>Mean</i>			11.0%	(2.8%)	0.7x	0.7x	6.0x	5.6x	9.4x	8.5x
<i>Median</i>			10.0%	(3.7%)	0.6x	0.6x	6.1x	5.5x	9.9x	8.7x
<b>Offshore IT Services</b>										
Tata	47,790	47,126	29.7%	21.2%	5.0x	3.9x	17.1x	14.0x	23.1x	19.1x
Infosys	39,833	35,968	33.1%	23.0%	5.3x	4.3x	16.2x	13.4x	21.9x	18.5x
Wipro	23,293	22,326	21.8%	15.3%	2.9x	2.5x	13.5x	12.1x	17.9x	16.6x
Cognizant	21,034	19,106	21.0%	39.1%	3.4x	2.8x	16.0x	13.2x	25.9x	21.7x
HCL	6,418	6,515	18.1%	24.9%	1.7x	1.4x	9.3x	8.0x	14.8x	12.9x
<i>Mean</i>			24.7%	24.7%	3.6x	3.0x	14.4x	12.1x	20.7x	17.8x
<i>Median</i>			21.8%	23.0%	3.4x	2.8x	16.0x	13.2x	21.9x	18.5x

Sources: Capital IQ, 5 December 2010; Brokers' reports.

**Last 30 Days Performance**



**Last Twelve Months Performance**



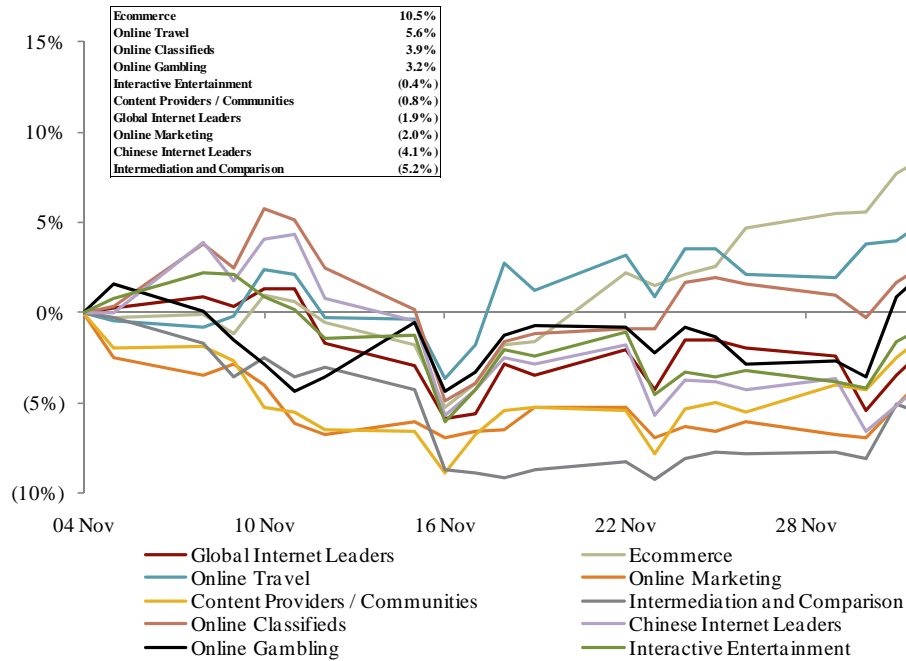
Source: Capital IQ, 5 December 2010.

	Market Cap (\$m)	Enterprise Value (\$m)	CY2010E		EV / Revenue		EV / EBITDA		P / E	
			EBITDA Margin	Growth	CY2011E	CY2012E	CY2011E	CY2012E	CY2011E	CY2012E
<b>Digital Broadband</b>										
Logitech	3,638	3,329	10.9%	24.9%	1.3x	1.2x	10.6x	9.1x	18.1x	31.1x
TomTom	2,160	2,698	19.4%	(5.6%)	1.3x	1.3x	7.0x	6.8x	10.5x	9.4x
Kudelski	1,173	1,444	16.0%	13.4%	1.2x	1.1x	7.0x	6.2x	11.0x	9.3x
Pace	884	736	9.2%	11.3%	0.3x	0.3x	3.1x	2.8x	6.9x	6.0x
Technicolor	451	2,161	13.5%	(11.4%)	0.5x	0.5x	3.2x	3.1x	8.7x	9.3x
Parrot	377	263	14.5%	25.6%	0.8x	0.7x	5.4x	4.7x	15.3x	12.6x
Advanced Digital Broadcast	164	115	8.6%	(0.2%)	0.3x	0.2x	3.0x	2.6x	8.0x	7.3x
<i>Mean</i>			13.2%	8.3%	0.8x	0.8x	5.6x	5.0x	11.2x	12.1x
<i>Median</i>			13.5%	11.3%	0.8x	0.7x	5.4x	4.7x	10.5x	9.3x
<b>Diversified Communication Equipment</b>										
Nokia	37,387	33,084	9.6%	(4.4%)	0.6x	0.5x	5.2x	4.7x	12.9x	11.6x
LM Ericsson Telephone	34,862	28,689	15.3%	2.4%	0.9x	0.9x	5.7x	5.4x	13.5x	12.5x
Alcatel-Lucent	6,706	7,568	5.9%	(3.1%)	0.3x	0.3x	4.2x	3.4x	13.6x	9.0x
CommScope	3,012	3,713	14.8%	4.2%	1.1x	1.0x	7.1x	6.9x	14.1x	12.4x
ADTRAN	2,111	1,976	27.2%	23.1%	3.0x	2.7x	10.7x	10.2x	17.8x	17.6x
CIENA	1,491	2,195	2.3%	121.6%	1.2x	1.0x	22.5x	21.8x	26.6x	15.0x
ADC Telecommunications	1,238	1,214	11.7%	6.2%	1.0x	1.0x	11.0x	10.4x	17.4x	19.2x
<i>Mean</i>			12.4%	21.4%	1.2x	1.1x	9.5x	9.0x	16.6x	13.9x
<i>Median</i>			11.7%	4.2%	1.0x	1.0x	7.1x	6.9x	14.1x	12.5x
<b>Mobile Infrastructure Software</b>										
QUALCOMM	78,977	70,007	43.6%	9.0%	5.4x	5.0x	13.1x	11.9x	17.3x	15.8x
VeriSign	6,009	4,038	48.6%	(28.5%)	5.2x	4.7x	9.8x	8.2x	23.1x	18.1x
Amdocs	5,368	4,135	22.1%	6.9%	1.3x	1.2x	6.2x	6.0x	11.6x	11.6x
Syniverse	2,158	2,509	41.2%	31.4%	3.7x	3.4x	8.7x	8.2x	15.1x	14.7x
Comverse Technology	1,624	1,496	0.4%	4.9%	0.8x	NA	NM	NA	NM	NA
Synchronoss Technologies	1,004	949	24.7%	29.3%	4.6x	4.1x	16.6x	13.9x	35.5x	28.1x
Tekelec	826	603	21.4%	(7.0%)	1.3x	NA	5.3x	NA	13.8x	NA
Sonus Networks	753	424	1.8%	3.6%	1.6x	1.5x	19.9x	11.3x	NM	43.0x
Smith Micro Software	513	456	34.0%	21.9%	3.0x	2.7x	8.6x	9.1x	16.0x	13.5x
TeleCommunication Systems	246	326	16.6%	32.4%	0.7x	0.7x	4.1x	3.9x	14.2x	7.6x
Openwave Systems	191	86	2.0%	(13.6%)	0.5x	0.4x	11.4x	3.4x	NM	17.8x
Redknee Solutions	92	83	12.3%	6.1%	1.3x	1.1x	8.5x	6.7x	12.8x	10.1x
<i>Mean</i>			22.4%	8.0%	2.4x	2.5x	10.2x	8.3x	17.7x	18.0x
<i>Median</i>			21.7%	6.5%	1.5x	2.1x	8.7x	8.2x	15.1x	15.3x
<b>Mobile Content / Solutions Providers</b>										
Art Technology	955	803	21.2%	12.1%	3.5x	3.1x	15.0x	12.4x	24.1x	23.3x
Opera Software	563	478	17.5%	8.7%	3.2x	2.6x	12.4x	9.1x	21.6x	15.8x
GameLoft	472	439	18.3%	(0.0%)	2.1x	1.9x	10.3x	9.2x	23.4x	20.4x
Danal	190	168	16.8%	61.4%	1.2x	0.9x	6.6x	5.0x	15.0x	11.0x
Buongiorno	164	232	13.0%	(4.0%)	0.6x	0.6x	5.0x	5.0x	10.6x	10.3x
Synchronica	23	20	11.4%	128.7%	0.8x	0.7x	2.3x	1.9x	10.0x	3.3x
<i>Mean</i>			16.4%	34.5%	1.9x	1.7x	8.6x	7.1x	17.5x	14.0x
<i>Median</i>			17.2%	10.4%	1.7x	1.4x	8.4x	7.1x	18.3x	13.4x

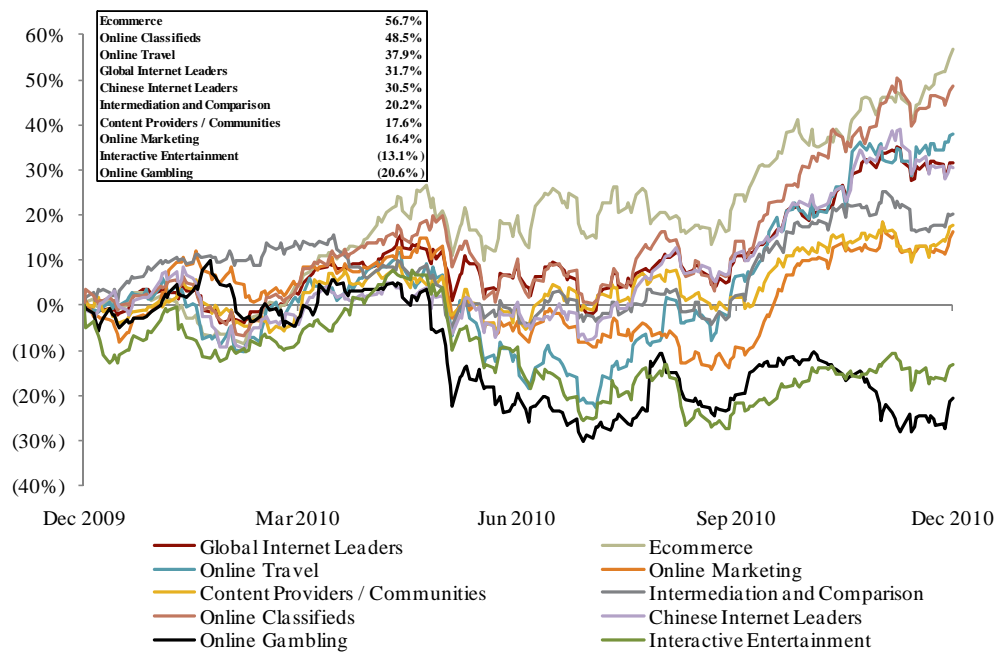
Sources: Capital IQ, 5 December 2010; Brokers' reports.



Last 30 Days Performance



Last Twelve Months Performance



Source: Capital IQ, 5 December 2010.

Internet and Digital Media  
(Continued)

	Market Cap (\$m)	Enterprise Value (\$m)	CY2010E		EV / Revenue		EV / EBITDA		P / E	
			EBITDA Margin	Growth	CY2011E	CY2012E	CY2011E	CY2012E	CY2011E	CY2012E
<b>Global Internet Leaders</b>										
Apple	291,190	265,570	29.2%	57.4%	3.0x	2.7x	10.5x	8.9x	16.6x	14.8x
Microsoft	231,170	198,582	43.5%	12.2%	2.8x	2.6x	6.5x	5.9x	10.5x	9.4x
Google	183,231	151,973	44.9%	21.5%	4.5x	4.3x	10.0x	8.7x	17.3x	15.3x
Amazon	78,852	73,131	7.1%	38.7%	1.7x	1.4x	23.1x	17.8x	47.9x	36.4x
eBay	38,604	33,272	35.6%	4.7%	3.3x	3.0x	9.2x	8.4x	16.0x	14.6x
Baidu	38,048	37,012	57.5%	79.2%	19.7x	13.8x	34.1x	24.6x	45.4x	32.2x
Yahoo!	21,312	18,664	35.6%	(29.2%)	3.9x	3.7x	10.4x	9.5x	20.2x	17.1x
Alibaba	8,658	7,449	34.2%	47.9%	7.2x	5.8x	20.1x	15.7x	29.4x	22.5x
IAC	3,041	1,824	15.4%	19.3%	1.0x	1.0x	6.2x	5.5x	21.6x	18.0x
<i>Mean</i>			33.7%	28.0%	5.2x	4.2x	14.5x	11.7x	25.0x	20.0x
<i>Median</i>			35.6%	21.5%	3.3x	3.0x	10.4x	8.9x	20.2x	17.1x
<b>Ecommerce</b>										
Amazon	78,852	73,131	7.1%	38.7%	1.7x	1.4x	23.1x	17.8x	47.9x	36.4x
eBay	38,604	33,272	35.6%	4.7%	3.3x	3.0x	9.2x	8.4x	16.0x	14.6x
Netflix	9,691	9,671	17.1%	29.5%	3.3x	2.7x	20.4x	16.0x	48.6x	35.1x
Mercadolibre	3,061	3,010	37.0%	23.7%	11.0x	8.3x	29.4x	21.8x	45.2x	32.6x
Vistaprint	1,900	1,728	20.1%	20.2%	2.0x	1.8x	9.9x	8.5x	18.7x	15.1x
Asos	1,718	1,712	10.1%	39.4%	2.6x	2.0x	26.2x	19.7x	46.3x	35.2x
OpenTable	1,664	1,576	35.1%	40.6%	11.4x	9.0x	31.1x	21.4x	NM	NM
CSI Commerce	1,606	1,722	9.9%	35.1%	1.1x	0.9x	10.3x	8.1x	39.3x	24.6x
Digital River	1,456	1,092	18.5%	(10.3%)	2.7x	2.3x	10.9x	8.1x	27.5x	20.7x
Ocado	1,391	1,558	3.9%	20.5%	1.6x	1.3x	25.0x	15.4x	NM	36.1x
Shutterfly	962	801	20.7%	19.1%	2.4x	2.0x	11.2x	9.7x	43.0x	37.8x
Blue Nile	805	757	9.1%	8.6%	2.1x	1.9x	22.1x	19.3x	49.1x	41.2x
YOOX	540	514	9.5%	29.0%	1.4x	1.1x	13.8x	9.6x	32.2x	21.2x
Overstock	365	338	2.5%	26.0%	0.3x	0.2x	12.0x	10.7x	23.6x	25.5x
Drugstore	187	167	4.3%	9.8%	0.3x	0.3x	8.1x	12.3x	29.3x	NA
<i>Mean</i>			16.0%	22.3%	3.1x	2.5x	17.5x	13.8x	35.9x	28.9x
<i>Median</i>			10.1%	23.7%	2.1x	1.9x	13.8x	12.3x	39.3x	32.6x
<b>Online Travel</b>										
Priceline	20,331	19,372	28.4%	33.2%	5.1x	4.3x	16.5x	13.9x	24.7x	20.3x
Expedia	7,494	7,647	28.8%	12.7%	2.0x	1.9x	7.1x	6.5x	13.6x	12.2x
Ctrip	6,285	5,863	41.3%	56.1%	10.2x	7.8x	24.2x	18.7x	32.4x	25.5x
Wotif	977	873	57.7%	17.8%	5.8x	5.2x	10.2x	8.9x	16.8x	14.6x
Travelzoo	719	684	21.1%	19.7%	5.5x	NA	25.5x	NA	48.6x	NA
Orbitz	577	934	20.0%	1.9%	1.1x	1.1x	5.7x	5.5x	24.0x	16.1x
hotel.de	65	50	6.7%	5.4%	0.9x	0.7x	8.5x	5.9x	16.6x	9.3x
<i>Mean</i>			29.1%	21.0%	4.4x	3.5x	14.0x	9.9x	25.2x	16.3x
<i>Median</i>			28.4%	17.8%	5.1x	3.1x	10.2x	7.7x	24.0x	15.3x
<b>Online Marketing</b>										
ValueClick	1,314	1,150	28.8%	0.8%	2.5x	2.3x	8.3x	7.4x	21.2x	17.8x
Constant Contact	788	666	13.0%	34.8%	3.1x	2.5x	19.2x	13.6x	40.8x	30.3x
LBI	280	272	15.0%	8.9%	1.0x	1.0x	5.9x	5.1x	11.2x	9.0x
Marchex	278	246	7.9%	3.8%	2.2x	2.0x	14.8x	11.6x	NM	NM
InfoSpace	276	49	11.3%	17.7%	0.2x	0.2x	2.0x	1.9x	34.8x	25.5x
TradeDoubler	248	228	4.5%	(0.4%)	0.5x	0.5x	9.2x	7.7x	15.4x	12.5x
Hi-Media	194	244	8.7%	22.3%	0.7x	0.7x	7.5x	6.5x	11.9x	10.4x
1000mercis	158	142	34.1%	19.3%	2.9x	2.6x	8.4x	7.4x	14.0x	11.9x
Sedo	143	138	7.1%	(18.2%)	0.8x	0.8x	9.5x	8.1x	19.3x	14.8x
ad pepper media	49	31	4.0%	(5.5%)	0.4x	0.4x	6.6x	4.9x	14.8x	11.4x
<i>Mean</i>			13.4%	8.4%	1.4x	1.3x	9.1x	7.4x	20.4x	16.0x
<i>Median</i>			10.0%	6.4%	0.9x	0.9x	8.4x	7.4x	15.4x	12.5x
<b>Content Providers / Communities</b>										
WebMD Health	3,013	2,740	30.4%	17.7%	4.4x	3.9x	13.1x	12.1x	38.3x	30.8x
Meetic	579	525	20.7%	9.9%	NA	1.9x	8.7x	7.7x	14.6x	13.1x
Move	426	386	11.1%	(6.5%)	1.9x	1.8x	15.0x	14.1x	36.9x	24.0x
The Knot	339	203	11.1%	5.6%	1.7x	1.5x	13.6x	10.0x	NM	45.5x
XING	230	155	30.6%	14.3%	1.8x	1.5x	4.9x	4.3x	14.0x	12.4x
<i>Mean</i>			20.8%	8.2%	2.4x	2.1x	11.1x	9.7x	26.0x	25.1x
<i>Median</i>			20.7%	9.9%	1.8x	1.8x	13.1x	10.0x	25.7x	24.0x

Sources: Capital IQ, 5 December 2010; Brokers' reports.

# Internet and Digital Media (Continued)

	Market Cap (\$m)	Enterprise Value (\$m)	CY2010E		EV / Revenue		EV / EBITDA		P / E	
			EBITDA Margin	Growth	CY2011E	CY2012E	CY2011E	CY2012E	CY2011E	CY2012E
<b>Intermediation and Comparison</b>										
Moneysupermarket	651	607	26.7%	3.9%	2.5x	2.3x	8.8x	7.9x	15.3x	15.7x
Liquidity Services	396	319	12.3%	18.5%	1.0x	0.8x	7.3x	6.0x	19.5x	15.9x
eHealth	339	200	21.4%	13.7%	1.2x	1.2x	6.1x	6.4x	26.2x	28.4x
Gruppo MutuiOnline	261	242	43.9%	(6.9%)	3.2x	2.8x	7.0x	6.0x	11.8x	9.9x
<i>Mean</i>			26.1%	7.3%	2.0x	1.8x	7.3x	6.6x	18.2x	17.5x
<i>Median</i>			24.0%	8.8%	1.8x	1.7x	7.2x	6.2x	17.4x	15.8x
<b>Online Classifieds</b>										
Monster	3,017	2,985	10.6%	3.1%	2.7x	2.4x	14.8x	11.0x	NM	28.7x
SEEK	2,272	2,332	43.6%	49.3%	6.4x	5.7x	13.9x	12.2x	18.5x	15.3x
51job	1,457	1,231	28.2%	36.9%	6.4x	5.2x	20.3x	15.4x	30.9x	23.1x
SouFun	1,378	1,235	35.1%	56.2%	5.2x	4.4x	12.5x	10.3x	17.7x	14.6x
Rightmove	1,366	1,330	66.4%	15.5%	9.0x	8.0x	13.3x	11.5x	17.9x	15.1x
Carsales.au	1,074	1,060	53.5%	37.9%	6.8x	6.1x	12.4x	10.9x	18.7x	16.4x
Seloger	772	778	53.0%	6.0%	6.2x	5.6x	11.5x	10.0x	18.8x	15.9x
Dice	698	712	39.5%	16.3%	4.3x	3.7x	10.5x	8.8x	23.7x	18.5x
LoopNet	429	341	35.1%	1.7%	4.0x	3.6x	11.6x	10.5x	36.7x	29.7x
<i>Mean</i>			40.5%	24.8%	5.7x	4.9x	13.4x	11.2x	22.9x	19.7x
<i>Median</i>			39.5%	16.3%	6.2x	5.2x	12.5x	10.9x	18.8x	16.4x
<b>Chinese Internet Leaders</b>										
Tencent	41,429	39,411	54.6%	60.6%	10.2x	7.9x	18.8x	14.7x	25.2x	19.9x
Baidu	38,048	37,012	57.5%	79.2%	19.7x	13.8x	34.1x	24.6x	45.4x	32.2x
Alibaba	8,658	7,449	34.2%	47.9%	7.2x	5.8x	20.1x	15.7x	29.4x	22.5x
Netease	5,145	3,829	51.2%	45.3%	3.9x	3.4x	7.7x	6.9x	12.8x	11.6x
Sina	4,224	3,467	28.0%	11.0%	7.0x	5.6x	24.9x	20.4x	33.4x	26.1x
Focus Media	3,198	2,700	35.7%	8.2%	4.5x	3.9x	10.9x	9.0x	18.5x	15.7x
Sohu	2,826	2,331	43.4%	17.8%	3.2x	2.7x	7.4x	6.4x	16.1x	13.8x
Shanda Interactive	2,244	1,346	24.1%	7.5%	1.4x	1.2x	4.9x	4.3x	18.0x	15.3x
SouFun	1,378	1,235	35.1%	56.2%	5.2x	4.4x	12.5x	10.3x	17.7x	14.6x
<i>Mean</i>			40.4%	37.1%	6.9x	5.4x	15.7x	12.5x	24.1x	19.1x
<i>Median</i>			35.7%	45.3%	5.2x	4.4x	12.5x	10.3x	18.5x	15.7x
<b>Online Gambling</b>										
bwin Interactive	1,687	1,474	16.7%	19.4%	2.2x	2.1x	9.7x	8.4x	16.8x	15.0x
PartyGaming	1,655	1,466	27.2%	13.7%	2.7x	2.6x	9.5x	9.3x	14.1x	13.5x
Playtech	1,613	1,536	64.0%	20.0%	6.9x	6.4x	10.6x	9.8x	11.9x	10.8x
Sportingbet	500	429	22.7%	(88.4%)	1.2x	1.1x	5.3x	4.8x	9.0x	8.2x
888	246	177	13.3%	2.8%	0.7x	0.7x	4.9x	4.9x	9.2x	9.6x
<i>Mean</i>			28.8%	(6.5%)	2.7x	2.6x	8.0x	7.4x	12.2x	11.4x
<i>Median</i>			22.7%	13.7%	2.2x	2.1x	9.5x	8.4x	11.9x	10.8x
<b>Interactive Entertainment</b>										
Activision	14,834	11,985	34.8%	6.2%	2.6x	2.3x	7.4x	6.6x	15.1x	12.8x
Electronic Arts	5,037	3,380	9.6%	5.1%	0.8x	0.8x	5.8x	6.1x	18.0x	13.4x
Take-Two Interactive Software	1,019	889	8.6%	12.6%	0.8x	0.6x	7.6x	4.5x	15.0x	9.2x
Ubisoft Entertainment	982	1,051	31.1%	14.8%	0.7x	0.7x	2.3x	1.7x	19.1x	14.3x
THQ	373	350	(3.4%)	(15.7%)	0.4x	0.4x	7.0x	6.4x	14.4x	12.5x
<i>Mean</i>			16.9%	29.4%	1.1x	1.0x	6.0x	5.1x	16.3x	12.4x
<i>Median</i>			15.2%	9.4%	0.8x	0.7x	7.0x	6.1x	15.1x	12.8x

Sources: Capital IQ, 5 December 2010; Brokers' reports.

1001 Haxall Point  
9th Floor  
Richmond, VA 23219  
USA  
Phone: +1 (804) 648-0072  
Fax: +1 (804) 648-0073

Two International Place  
24th Floor  
Boston, MA 02110  
USA  
Phone: +1 (617) 482-7501  
Fax: +1 (617) 482-7503

1900 East 9th Street  
20th Floor  
Cleveland, OH 44114  
USA  
Phone: +1 (216) 689-2400  
Fax: +1 (216) 689-2401

63 Brook St  
London, W1K 4HS  
United Kingdom  
Phone: +44 20 7518 8900  
Fax: +44 20 7526 2187

222 South Ninth Street  
Suite 3350  
Minneapolis, MN 55402  
USA  
Phone: +1 (612) 359-2700  
Fax: +1 (612) 359-2701

1600 Market Street  
21st Floor  
Philadelphia, PA 19103  
USA  
Phone: +1 (267) 675-5900  
Fax: +1 (267) 675-5901

575 Market Street  
31st Floor  
San Francisco, CA 94105  
USA  
Phone: +1 (415) 288-4260  
Fax: +1 (415) 288-4269

[www.harriswilliams.com](http://www.harriswilliams.com)

Our Technology, Telecom & Digital Media (TTDM) Group is dedicated to providing superior merger & acquisition and capital markets advisory services to market leading companies. Our professionals' extensive industry knowledge and transaction leadership experience spans the software, digital media, IT services and communications sectors. Our professionals in London, Boston and San Francisco have global relationships with leading technology companies and financial investors. Thoughtful advice, deep experience and technology expertise, creativity and attention to detail from our senior technology bankers have resulted in a track record of consistently exceeding our clients' expectations.

**Thierry Monjauze**  
Managing Director  
63 Brook Street  
London W1K 4HS  
United Kingdom  
Phone: +44 20 7518 8901  
[tmonjauze@harriswilliams.com](mailto:tmonjauze@harriswilliams.com)

**Jeff Bistrong**  
Managing Director  
Two International Place, 24<sup>th</sup> Floor  
Boston, MA 02110  
USA  
Phone: +1 (617) 654-2102  
[jbistrong@harriswilliams.com](mailto:jbistrong@harriswilliams.com)

*This report has been prepared by Harris Williams & Co. Ltd and approved by Sturgeon Ventures LLP in accordance with Conduct Of Business rules COBS 4 of the FSA Handbook. Harris Williams & Co. Ltd is an authorised representative of Sturgeon Ventures LLP which is Authorised and Regulated by the Financial Services Authority. This report is being made by Harris Williams & Co. Ltd.*

*Investment banking services are provided by Harris Williams LLC, a registered broker-dealer and member of FINRA and SIPC, and Harris Williams & Co. Ltd. Harris Williams & Co. is a trade name under which Harris Williams LLC and Harris Williams & Co. Ltd conduct business in the U.S. and Europe, respectively.*

*Harris Williams & Co. ([www.harriswilliams.com](http://www.harriswilliams.com)), a member of The PNC Financial Services Group, Inc. (NYSE:PNC), is the premier middle market advisor with a two-decade legacy of sell side excellence serving clients worldwide. The firm is focused exclusively on the middle market providing sell side and acquisition advisory, restructuring advisory, board advisory, private placements and capital markets advisory services.*

**THIS REPORT MAY CONTAIN REFERENCES TO REGISTERED TRADEMARKS, SERVICE MARKS AND COPYRIGHTS OWNED BY THIRD-PARTY INFORMATION PROVIDERS. NONE OF THE THIRD PARTY INFORMATION PROVIDERS IS ENDORSING THE OFFERING OF, AND SHALL NOT IN ANY WAY BE DEEMED AN ISSUER OR UNDERWRITER OF, THE SECURITIES, FINANCIAL INSTRUMENTS OR OTHER INVESTMENTS DISCUSSED IN THIS REPORT AND SHALL NOT HAVE ANY LIABILITY OR RESPONSIBILITY FOR ANY STATEMENTS MADE IN THE REPORT OR FOR ANY FINANCIAL STATEMENTS, FINANCIAL PROJECTIONS OR OTHER FINANCIAL INFORMATION CONTAINED OR ATTACHED AS AN EXHIBIT TO THE REPORT. FOR MORE INFORMATION ABOUT THE MATERIALS PROVIDED BY SUCH THIRD PARTIES, PLEASE CONTACT US AT +44 20 7518 8900.**

*The information and views contained in this report were prepared by Harris Williams & Co. Ltd ("Harris Williams"). It is not a research report, as such term is defined by applicable law and regulations, and is provided for informational purposes only. It is not to be construed as an offer to buy or sell or a solicitation of an offer to buy or sell any financial instruments or to participate in any particular trading strategy. The information contained herein is believed by Harris Williams to be reliable but Harris Williams makes no representation as to the accuracy or completeness of such information.*

*Harris Williams and/or its affiliates may be market makers or specialists in, act as advisers or lenders to, have positions in and effect transactions in securities of companies mentioned herein and also may provide, may have provided, or may seek to provide investment banking services for those companies. In addition, Harris Williams and/or its affiliates or their respective officers, directors and employees may hold long or short positions in the securities, options thereon or other related financial products of companies discussed herein. Opinions, estimates and projections in this report constitute Harris Williams' judgment and are subject to change without notice. The financial instruments discussed in this report may not be suitable for all investors and investors must make their own investment decisions using their own independent advisors as they believe necessary and based upon their specific financial situations and investment objectives. Also, past performance is not necessarily indicative of future results. No part of this material may be copied or duplicated in any form or by any means, or redistributed, without Harris Williams' prior written consent.*

*Copyright© 2010 Harris Williams & Co., all rights reserved.*