JAHANI & ASSOCIATES

J&A Sell-Side M&A Report

Independent Creative Agencies M&A Transactions and Valuations

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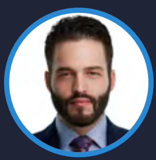

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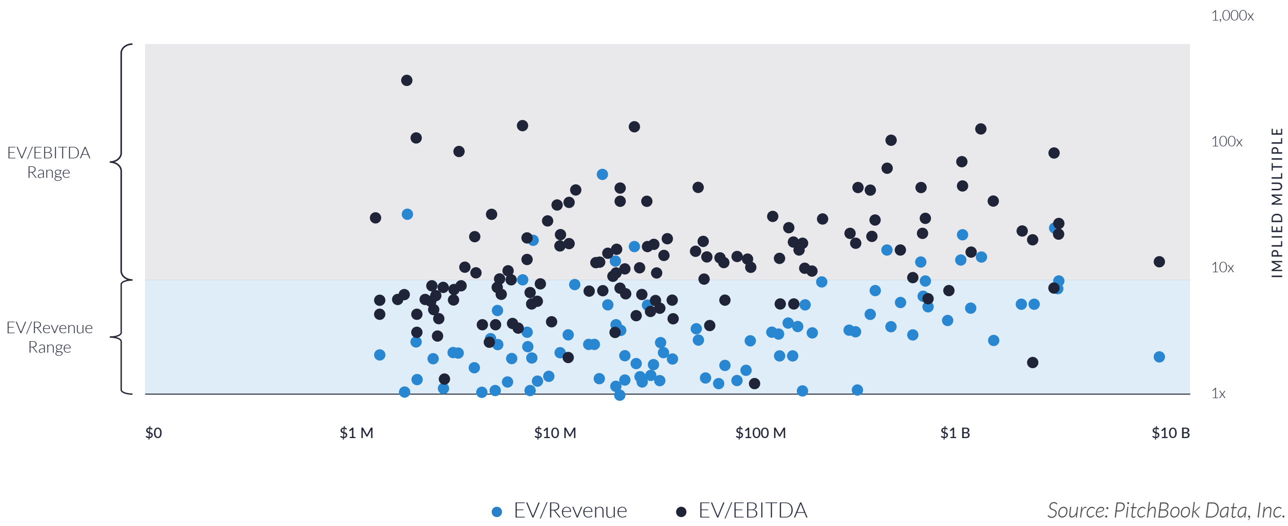
Independent creative agencies are privately owned marketing and branding firms that operate outside large holding companies. They focus on creative strategy, content production, digital marketing, and brand storytelling, delivering bold, culturally relevant campaigns that differentiate brands. Their flexibility and innovative methods allow businesses to implement customized strategies and disruptive creative solutions, influencing the direction of advertising.

This report examines transaction trends, valuation metrics, and regional dynamics in the sector from Q1 2020 to Q4 2024. It analyzes how the sector drives innovation, brand differentiation, and culturally relevant storytelling through agile, customized marketing solutions. The analysis reviews capital flows and deal structures, highlighting key M&A activities, such as Livingbridge's growth investment in Jungle Creations and MDC Partners' acquisition of Forsman & Bodenfors, to illustrate strategic motives and market consolidation trends.

Additionally, the report evaluates M&A valuation trends, including EV/revenue and EV/EBITDA, to provide insights into market trends and valuation patterns. Designed for financial advisors, entrepreneurs, and executives, the report delivers insights on M&A activity drivers, supporting stakeholders in navigating and capitalizing on the shifting market landscape.

Transaction Valuation Multiples in the Independent Creative Agency Sector Analysis (Q1 2020 – Q4 2024)



Source: PitchBook Data, Inc.

**The X- and Y-axes have been converted to a logarithmic scale to better visually represent the data.*

EV / REVENUE			
MEAN	MEDIAN	MINIMUM	MAXIMUM
3 X	2 X	2 X	58 X

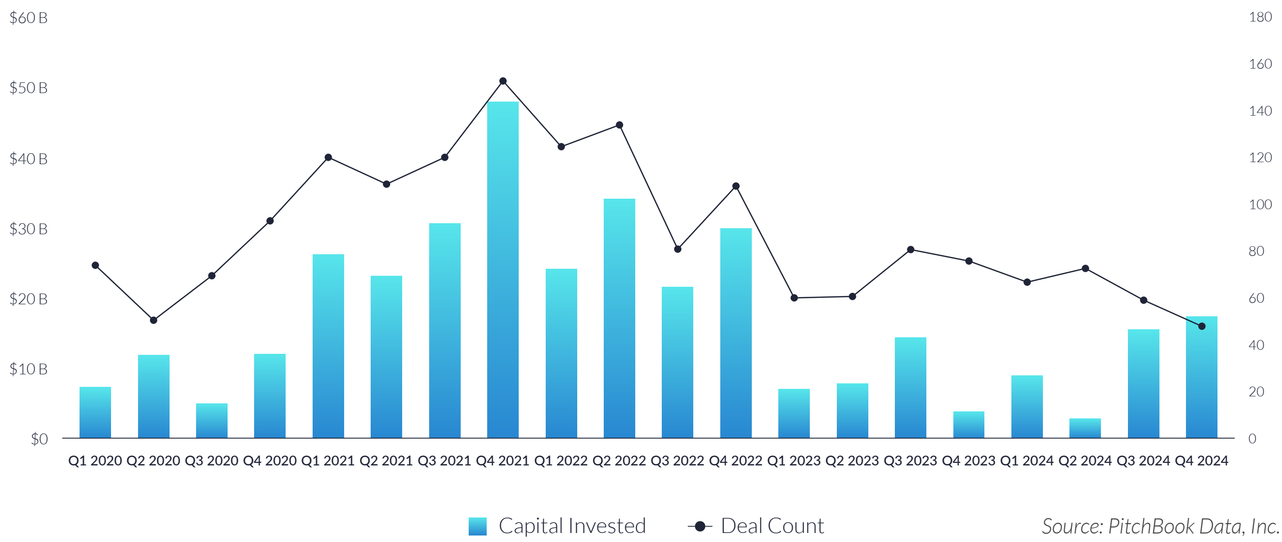
EV / EBITDA			
MEAN	MEDIAN	MINIMUM	MAXIMUM
9 X	13 X	18 X	327 X

- Valuation multiples are based on a sample set of M&A transactions in the independent creative agency and related sectors, using data collected on January 30, 2025.
- The EV/revenue multiples range from 1x to 28x, and EV/EBITDA multiples span from less than 1x to over 300x, reflecting a mix of high-growth, high-valuation firms and mature, cash-generating companies. Technology-driven creative agencies and digital-first marketing firms typically command higher multiples, while traditional, service-based models with steady cash flow see lower valuations.
- Companies valued under $500 million often show EV/EBITDA multiples exceeding 100x, signaling strong investor confidence in scalability and future profitability. Investors prioritize fast-growing, innovative agencies, particularly those specializing in digital content, influencer marketing, and AI-driven branding solutions.
- In contrast, firms valued in the billions maintain EV/revenue and EV/EBITDA multiples between 1x and 10x, indicating predictable cash flows, diversified client bases, and lower growth volatility. Investors favor these companies for market stability, established revenue streams, and long-term strategic acquisitions, rather than speculative, high-growth investments.

CAPITAL MARKETS ACTIVITIES

The data highlights transaction trends, valuation metrics, and regional dynamics in the independent creative agency sector. Growing demand for authentic brand storytelling, digital-first marketing, and purpose-driven campaigns have fueled M&A activity and shaped valuations. Investors are leveraging strategic acquisitions, private equity investments, and innovative deal structures to scale creative capabilities and expand into high-growth markets. These trends are reshaping the competitive landscape, driving innovation, consolidation, and the evolution of independent agencies into global creative powerhouses.

Announced M&A Transactions in the Independent Creative Agency Sector (Q1 2020 – Q4 2024)

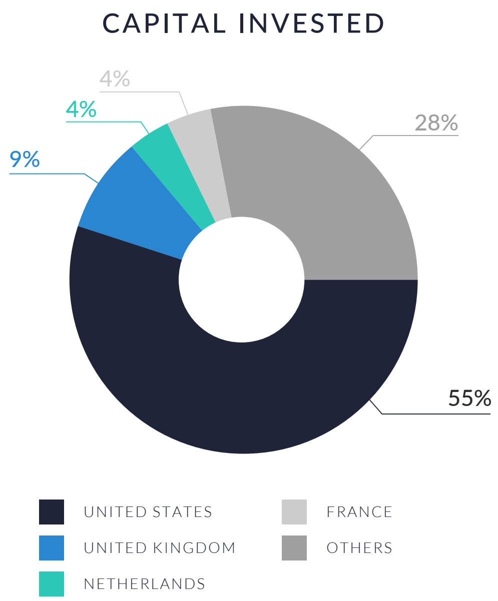


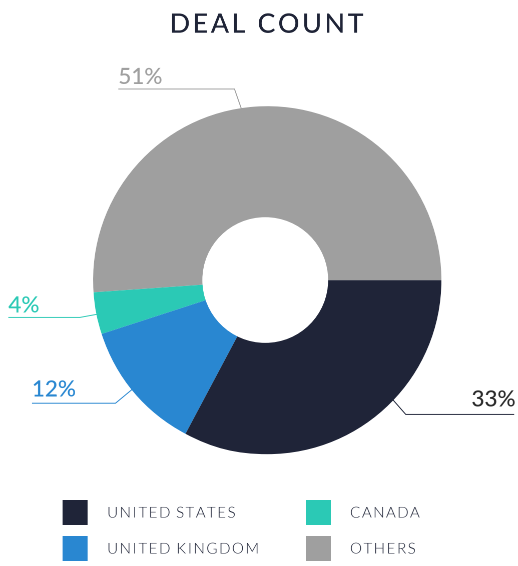
Source: PitchBook Data, Inc.

- Investors deployed $352 billion across 1,763 deals, demonstrating strong, long-term M&A activity in the independent creative agency sector. Despite capital fluctuations, consistent deal flow signals investor confidence, with private equity firms and strategic buyers pursuing market consolidation, geographic expansion, and digital transformation. The sector remains attractive due to the rising demand for agile, data-driven marketing solutions.
- Investment and deal count peaked in 2021 and early 2022, with Q4 2021 reaching $48 billion across 153 deals. Post-pandemic recovery and accelerated digital marketing, e-commerce, and influencer-driven strategies drove acquisitions, as buyers sought independent agencies to enhance digital capabilities and brand positioning.
- Capital investment fell to $4 billion in Q4 2023 as investors shifted focus to AI and technology, exercised caution, and reacted to lower valuations. However, 2024 rebounded, with Q3 and Q4 reaching $15 billion and $17 billion, driven by renewed confidence, AI-driven marketing investments, and strategic consolidations.

The graphs below present the geographic distribution of transactions, providing additional detail on regional trends and investment dynamics.

Breakdown of Announced M&A Transactions in the Independent Creative Agency Sector by Country (Q1 2020 – Q4 2024)



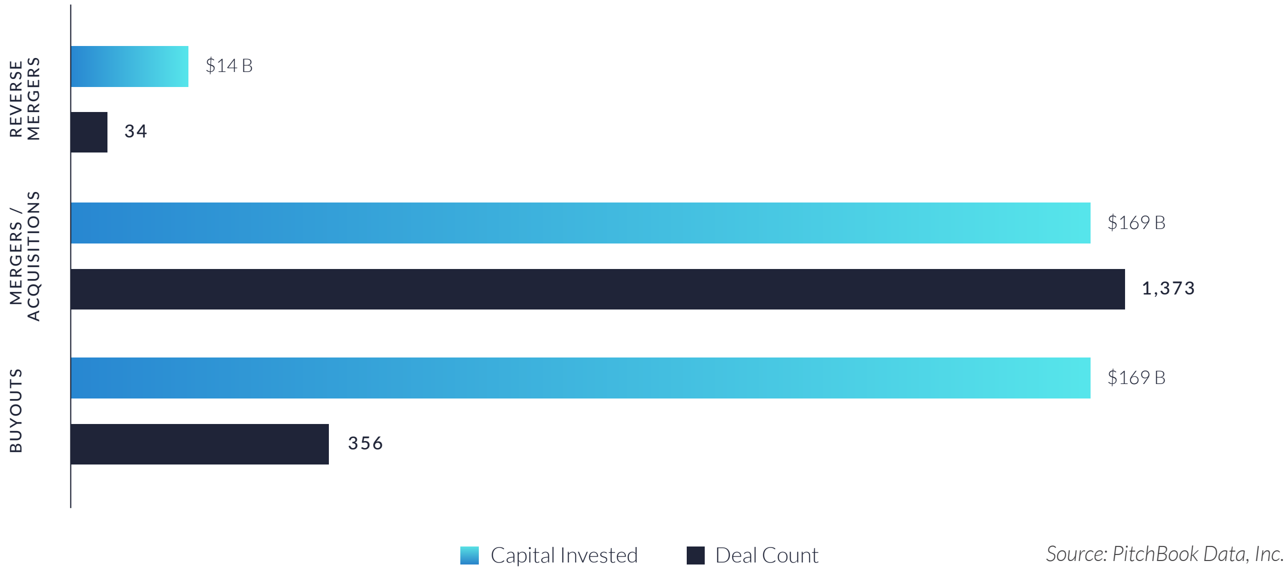


Source: PitchBook Data, Inc.

- US investors contributed 54% of total capital but accounted for only 33% of all deals, indicating a focus on larger, high-value acquisitions and buyouts rather than frequent smaller transactions. The independent creative agency sector in the US remains crucial, driven by strong demand for data-driven marketing, AI-powered advertising, and high-profile brand partnerships. Investors prioritize scalable, tech-integrated creative firms, particularly in major markets like New York, Los Angeles, and Chicago, where agencies work with global brands and Fortune 500 companies.
- UK-based investors contributed 9% of total capital but accounted for only 12% of all deals, reflecting a higher frequency of mid-sized transactions. Private equity firms and growth-stage investors actively acquire agencies specializing in content marketing, influencer partnerships, and digital-first branding. London remains a hub for the sector, attracting investment due to its global media influence, strong creative talent pool, and access to European markets.
- Investors outside the US contributed 28% of the total capital, yet these regions accounted for 51% of deals, signaling strong interest in smaller, high-growth creative firms. Many of these investments target emerging markets in Asia, Latin America, and parts of Europe, where digital startups, social media–driven marketing, and e-commerce-related branding agencies present high growth potential. Investors deploy smaller amounts per transaction but aim for rapid scalability in developing economies.

The deal-type dynamics below set the stage for understanding how capital flows and strategic priorities shape the independent creative agency sector's growth and landscape.

Breakdown of Announced M&A in the Independent Creative Agency Sector Deal Type (Q1 2020 – Q4 2024)



Source: PitchBook Data, Inc.

- M&A transactions totaled 1,373 deals, far exceeding 356 buyouts, yet both categories received $169 billion in capital. This trend reflects a preference for strategic consolidations and corporate takeovers, as companies prioritize synergies, market expansion, and technology-driven evolution over full acquisitions. In the independent creative agency sector, M&A allows larger firms to acquire specialized agencies, expanding service offerings and digital capabilities without restructuring entire businesses.
- Despite fewer deals, buyouts attracted the same capital as M&A, indicating higher valuations per transaction. Private equity firms often lead these deals, acquiring entire firms for long-term value creation and operational control. Buyouts appeal to investors in creative agencies as they provide full ownership, streamlined decision-making, and the ability to restructure for scalability, efficiency, and profitability.
- With only 34 deals and $14 billion invested, reverse mergers remain a small portion of overall activity but serve as an alternative to IPOs or traditional M&As. In the independent creative agency sector, reverse mergers provide access to capital markets without IPO complexities, helping agencies fund international expansion, technology integration, and talent acquisition.

M&A TRANSACTIONS CASE STUDIES

Three key M&A transactions in the independent creative agency sector demonstrate strategic growth through market expansion, digital transformation, and creative leadership. These deals strengthened brand portfolios, enhanced digital marketing, and leveraged innovative storytelling to meet industry demands. Each transaction highlights the rising value of independent agencies, as global firms seek bold, purpose-driven branding and high-impact content to stay competitive in a rapidly evolving market.

CASE STUDY 01

UNCOMMON CREATIVE STUDIO

Uncommon Creative Studio

Uncommon Creative Studio is a London-based independent creative agency specializing in bold, purpose-driven branding and advertising. The agency focuses on brand storytelling, design, and innovative marketing, often working with brands that challenge industry norms. Known for its disruptive approach, Uncommon crafts culturally relevant and emotionally impactful campaigns across media, technology, and consumer goods.

TRANSACTION TYPE	DEAL DATE
M&A	JULY 12, 2023

ACQUIRER	ENTERPRISE VALUE
HAVAS GROUP	$153 MILLION

TRANSACTION STRUCTURE

Havas Group acquired a 51% stake in Uncommon Creative Studio through a structured deal that included a partial cash payment, with the remaining amount contingent on performance-based earn-out and buyout payments. The total transaction value reached $154 million over six years, reflecting Uncommon's growth potential and strategic importance within Havas' creative network.

MARKET AND CUSTOMER SEGMENTS COMBINATION

The acquisition strengthened Havas' position in the high-growth creative and branding sector. Uncommon's bold, purpose-driven campaigns aligned with Havas' mission to create meaningful brand-consumer connections. Integrating Uncommon's independent and disruptive approach expanded Havas' market reach across media, technology, consumer goods, and luxury brands. The deal enabled Havas to attract challenger brands seeking high-impact, non-traditional creative solutions while enhancing its existing client portfolio.

ACQUISITION STRATEGIC RATIONALE

The acquisition added one of the most awarded and culturally driven agencies to Havas' global network, reinforcing its creative leadership. Uncommon's strong storytelling and premium branding services enhanced Havas' ability to deliver high-engagement, innovative campaigns. The deal also supported geographic expansion, particularly in North America and Europe, while the earn-out structure ensured sustained growth and creative performance. Additionally, integration with Vivendi's entertainment, media, and music assets created cross-industry opportunities, further expanding Uncommon's global impact.

KEY INTANGIBLE ASSETS

- Brand Equity and Reputation
- Intellectual Property and Creative Talent
- Client Relationships

TRANSACTION RATIONALE

- Financial Growth
- Appeal to Premium Brands
- Geographic Expansion

CASE STUDY 02

JUNGLE CREATIONS

Jungle Creations is a London-based digital media and social-first creative agency specializing in content marketing, brand storytelling, and influencer-driven campaigns. The company owned and operated several highly engaged social media brands, producing viral content that reached millions globally. It worked with brands to create shareable campaigns across platforms like Facebook, Instagram, TikTok, and YouTube, leveraging its expertise in digital audience engagement.

TRANSACTION TYPE	DEAL DATE
BUYOUT	AUGUST 25, 2021

ACQUIRER	ENTERPRISE VALUE
LIVINGBRIDGE	$41 MILLION

TRANSACTION STRUCTURE

Livingbridge, a UK-based private equity firm, acquired a 51% stake in Jungle Creations for $41 million. The deal was structured as a leveraged buyout, with Livingbridge financing the purchase through a mix of equity and borrowed funds. The debt was likely secured against Jungle Creations' assets, with future cash flows expected to service it. The exact financing mix was undisclosed.

MARKET AND CUSTOMER SEGMENTS COMBINATION

The acquisition combined Jungle Creations' expertise in digital content, social media engagement, and influencer marketing with Livingbridge's investment capabilities and strategic growth focus. Jungle Creations primarily served consumer brands, media companies, and advertisers seeking maximum engagement on platforms like Facebook, Instagram, TikTok, and YouTube. With Livingbridge's backing, the company expanded into new market segments, enhanced direct-to-consumer offerings, and scaled branded content and influencer partnerships, further solidifying its position as a leading social-first creative agency.

ACQUISITION STRATEGIC RATIONALE

The investment enabled Jungle Creations to scale content production, brand partnerships, and international expansion, driving revenue growth. With Livingbridge's financial backing, the company enhanced its branded content, e-commerce integrations, and influencer marketing strategies, increasing monetization opportunities. The acquisition also capitalized on the rising demand for social-first content and viral digital storytelling, further strengthening Jungle Creations' position in the evolving media landscape.

KEY INTANGIBLE ASSETS

- Strong Digital Brand Presence
- Proprietary Creative Content and IP
- Brand Relationships

TRANSACTION RATIONALE

- Revenue Growth
- Strengthening Market Capabilities
- Expanding Market Reach

CASE STUDY 03

FORSMAN AND BODENFORS

Forsman & Bodenfors (F&B) is a globally recognized creative agency known for its collaborative, idea-driven approach to advertising. Founded in Gothenburg, Sweden, the agency gained prominence for producing visually striking, emotionally engaging, and culturally relevant campaigns. F&B's flat organizational structure fostered a team-driven creative process, emphasizing big ideas over hierarchy. The agency worked with major brands such as Volvo (Epic Split campaign), IKEA, and Polestar, earning numerous international awards for its storytelling and brand-building expertise.

TRANSACTION TYPE	DEAL DATE
M&A	JUNE 29, 2016
ACQUIRER	**ENTERPRISE VALUE**
MDC PARTNERS (NASDAQ: MDCA)	$50 MILLION

TRANSACTION STRUCTURE

MDC Partners Inc. acquired Forsman & Bodenfors AB from Forsman & Bodenfors Ekonomisk Förening for $50 million. The deal included an initial payment of 1.9 million shares of MDC's Class A voting stock, with additional contingent payments in 2017, tied to F&B's financial performance in 2015 and 2016.

MARKET AND CUSTOMER SEGMENTS COMBINATION

MDC's acquisition of F&B strengthened its creative capabilities, particularly in Europe and North America. F&B's expertise in premium brand storytelling, digital advertising, and purpose-driven campaigns complemented MDC's existing portfolio, enabling it to serve a broader range of global brands in automotive, retail, technology, and consumer goods. By integrating F&B's collaborative creative approach with MDC's data-driven marketing resources, the deal expanded strategic offerings for multinational corporations and challenger brands seeking high-impact advertising.

ACQUISITION STRATEGIC RATIONALE

The acquisition reinforced MDC's position as a leading creative network by integrating F&B's award-winning storytelling and design expertise. F&B's strong presence in Sweden and across Europe expanded MDC's market reach, allowing it to serve a broader client base and compete more effectively internationally. Additionally, the deal enabled F&B to leverage MDC's data, analytics, and media buying capabilities, enhancing its ability to develop strategic, high-performing campaigns while maintaining its creative independence.

KEY INTANGIBLE ASSETS

- Client Relationships
- Brand Reputation
- Collaborative Creative Culture

TRANSACTION RATIONALE

- Data and Analytics Synergies
- Expanding in Europe
- Advancing Digital Innovation

The independent creative agency sector has evolved through strategic consolidations, private equity investments, and digital transformation, with M&A activity peaking in 2021 and 2022 before declining in 2023 and rebounding in 2024. Key acquisitions, including Havas Group's stake in Uncommon Creative Studio, Livingbridge's investment in Jungle Creations, and MDC Partners' acquisition of Forsman & Bodenfors, highlight the sector's role in branding, storytelling, and digital-first marketing. Looking ahead, AI adoption, expanding digital engagement, and demand for purpose-driven branding will drive future investment, with a focus on scalable, tech-integrated agencies.

Source: MediaCat, WSJ, TechEu, MarketScreener, Pitchbook Data.

JAHANI & ASSOCIATES

Jahani and Associates (J&A) is a global investment bank headquartered in New York City. J&A has deep connections in the Middle East, Southeast Asia, Latin America, and North America. The firm provides investment banking advisory, investment banking transaction, and corporate development expertise to clients all over the world.

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