Millennial Media Acquires Jumptap, Shares Dive on 2Q

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After reporting dissapointing second quarter earnings that sent shares into a 26 percent dive, Millenial Media yesterday announced that it has agreed to aquire smaller mobile advertising rival Jumptap.

Under the terms of the agreement, Jumptap shareholders will receive approximately 24.6 million shares of Millennial Media at $9.13, corresponding to approximately 22.5 percent pro forma ownership post transaction.

The total bid for Jumptap figures out to about $224 million.

Jumptap has an audience profile store with over 100 million unique profiles, of which more than 44 million can be reached across various screens – online and mobile. Jumptap supports its audience targeting through partnerships with more than 20 third-party data providers.

Millennial is the largest independent mobile advertising platform, behind larger rivals Google and Apple. The company hasn't had it easy since going public with an IPO price of $13. While the stock initiall doubled, it has done nothing but fall since.

Yesterday was more of the same, as the company missed expectations on $57 million in revenue for the second quarter. Analysts had expected closer to $59 million.

Jumpap CEO George Bell said in a blog post that his company's expansion into third-party data, audience segmentation and programmatic bidding and buying on exchanges are complementary to Millennial’s strengths in brand, supply side scale, and global footprint.

"Our large family of mobile patents will also strengthen the combined company in its goal to become the leading mobile platform in the world," Bell said.

Bell closed the post with a pun on his company's name. "We are jumping with joy for the chance to tap into a much larger opportunity. Corny, perhaps, but the sentiment is real."

Millennial Media had recovered some. Shares were down just over 15 percent in early tradign at $7.17.

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