

# Adslot AGM CEO Presentation

27th November 2015

Melbourne, Australia  
(ASX:ADJ)

**Adslot.**

# Agenda

- State of the Media Industry
- Adslot's Strategy
- Outlook

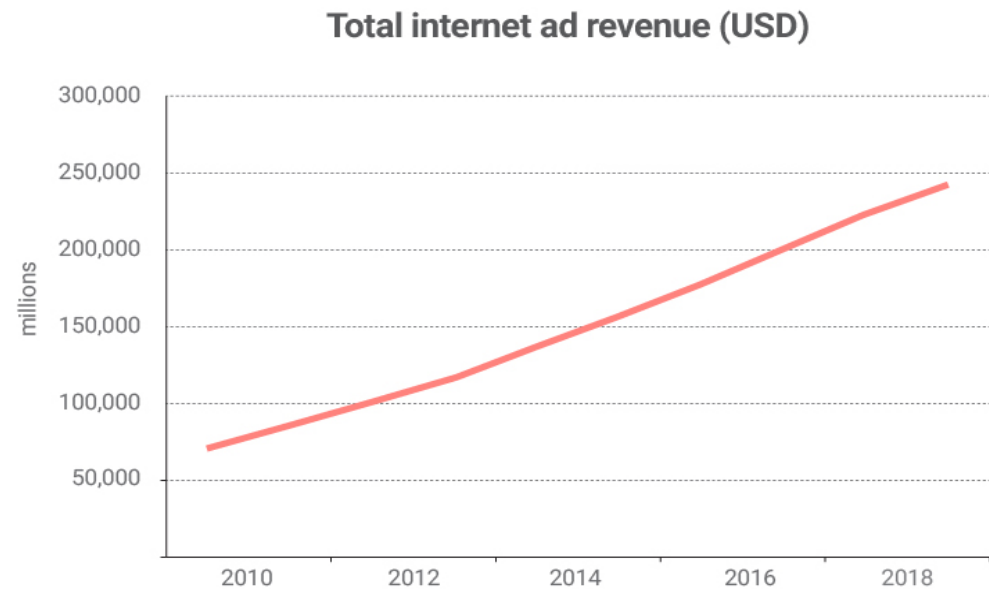
# State of the Media Industry

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# The Ad Market

- Global advertising, a USD \$700b market
- Online advertising, a USD \$150b segment and the growth engine of the global advertising economy

Source: PWC



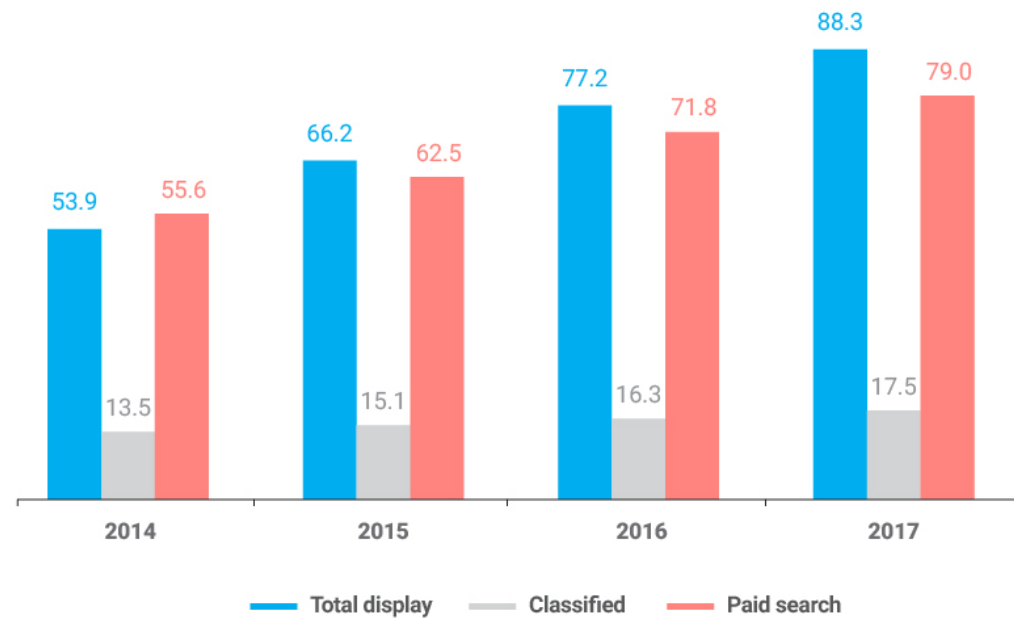
Source: PWC

# The Market

In turn, online advertising breaks down into three core segments:

1. **Search advertising**  
(a USD \$62.5b market)
2. **Classifieds advertising**  
(a USD \$15.1b market)
3. **Display advertising**  
( a USD \$66.2b market)

Internet adspend by type 2014-2017 (USD billion)



Source Zenith Optimedia

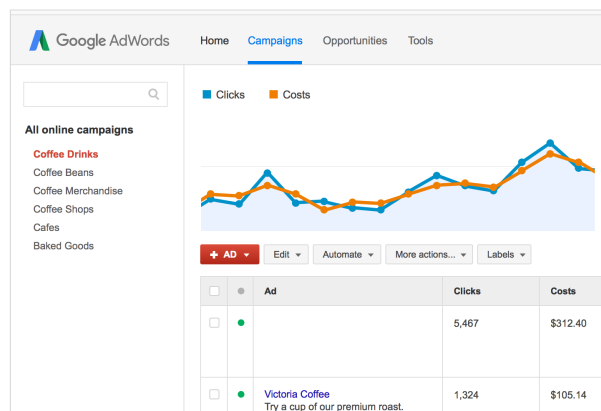
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# The Market

- The \$700b media industry has until recently had very little purpose-built technology to automate and enhance interaction between buyers and sellers
- This is changing, and online advertising is the driver

## Search advertising

Traded entirely via 'platforms'



## Classifieds advertising

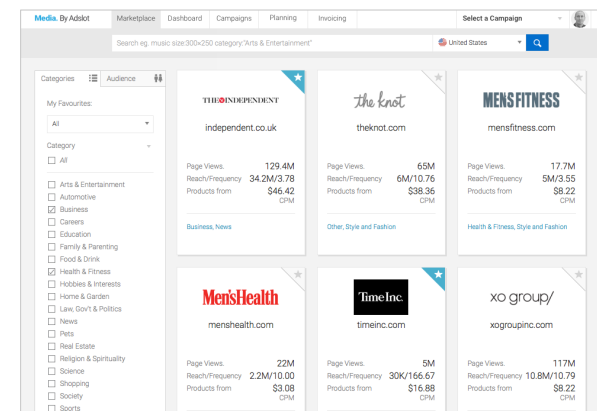
Traded mostly via 'platforms'

The screenshot shows the realestate.com.au interface for managing suburbs. It includes a table with columns: Suburb, Product, Section, Price per sqm, Inventory, Term, Status, Activity, and Ending. The table lists several properties for sale, including 'Barragup, WA 6229', 'Boonard, WA 6211', 'Coolangub, WA 6210', 'Dunsborough, WA 6211', 'Dunley Park, WA 6210', and 'Erlinge, WA 6210'.

| Suburb               | Product        | Section                    | Price per sqm | Inventory | Term  | Status | Activity | Ending   |
|----------------------|----------------|----------------------------|---------------|-----------|-------|--------|----------|----------|
| Barragup, WA 6229    | Load Generator | Buy - Sold - Find as Agent | \$50 / rth    | 50.00 %   | \$24  | Encls  | Buy Now  | Waiting  |
| Boonard, WA 6211     | Load Generator | Buy - Sold - Find as Agent | \$100 / rth   |           | \$100 | Encls  | Buy Now  | Waiting  |
| Coolangub, WA 6210   | Load Generator | Buy - Sold - Find as Agent | -             | -         |       | Encls  | Sold     | 15/03/16 |
| Dunsborough, WA 6211 | Load Generator | Buy - Sold - Find as Agent | -             | -         |       | Encls  | Sold     | 16/03/16 |
| Dunley Park, WA 6210 | Load Generator | Buy - Sold - Find as Agent | -             | -         |       | Encls  | Sold     | 20/03/16 |
| Erlinge, WA 6210     | Load Generator | Buy - Sold - Find as Agent | -             | -         |       | Encls  | Sold     | 16/02/16 |

## Display advertising

Moving rapidly to trade via 'platforms'



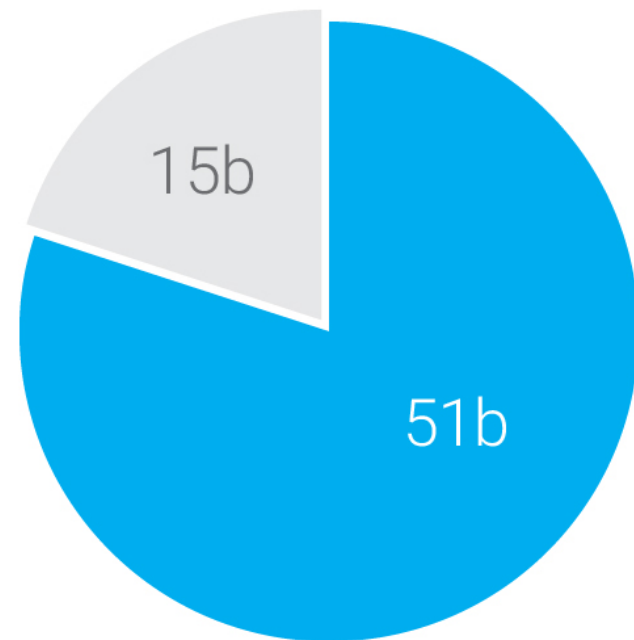
# The Market

The online display advertising market comprises two sub-segments:

1. **Forward guaranteed – a USD \$51b market.**  
Guaranteed price, guaranteed volume of impressions, guaranteed timeframe and guaranteed placement.
2. **Real Time Bidding (RTB) – a USD \$15b market.**  
Unsold inventory, auctioned in real time, low value, limited transparency between buyer and seller and no guarantees

3.

Source: IDC



RTB Forward Guaranteed

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The \$15b **RTB** segment  
is traded entirely via  
*platforms*: purpose built  
technology that automates  
the interaction between  
buyer and seller...**at scale**

The \$51b forward guaranteed segment is traded almost entirely via manually produced spreadsheets and purchase orders...

...creating **inefficiencies** that are **unsustainable**

**28%** of budgets are lost  
in non value generating  
administration costs

VS

**2%** for  
Television



Online Display



Buyer

VS



Television



Buyer

...shifting focus from  
value and performance



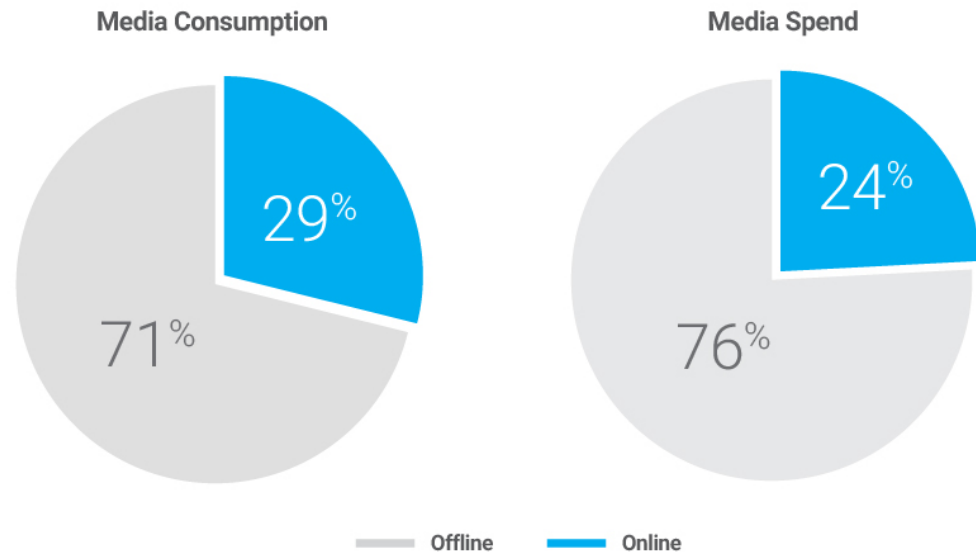
...to administration  
and process

...while constraining growth

A **\$35B** gap

the forward guaranteed  
market's share of this is  
worth

**\$11B**

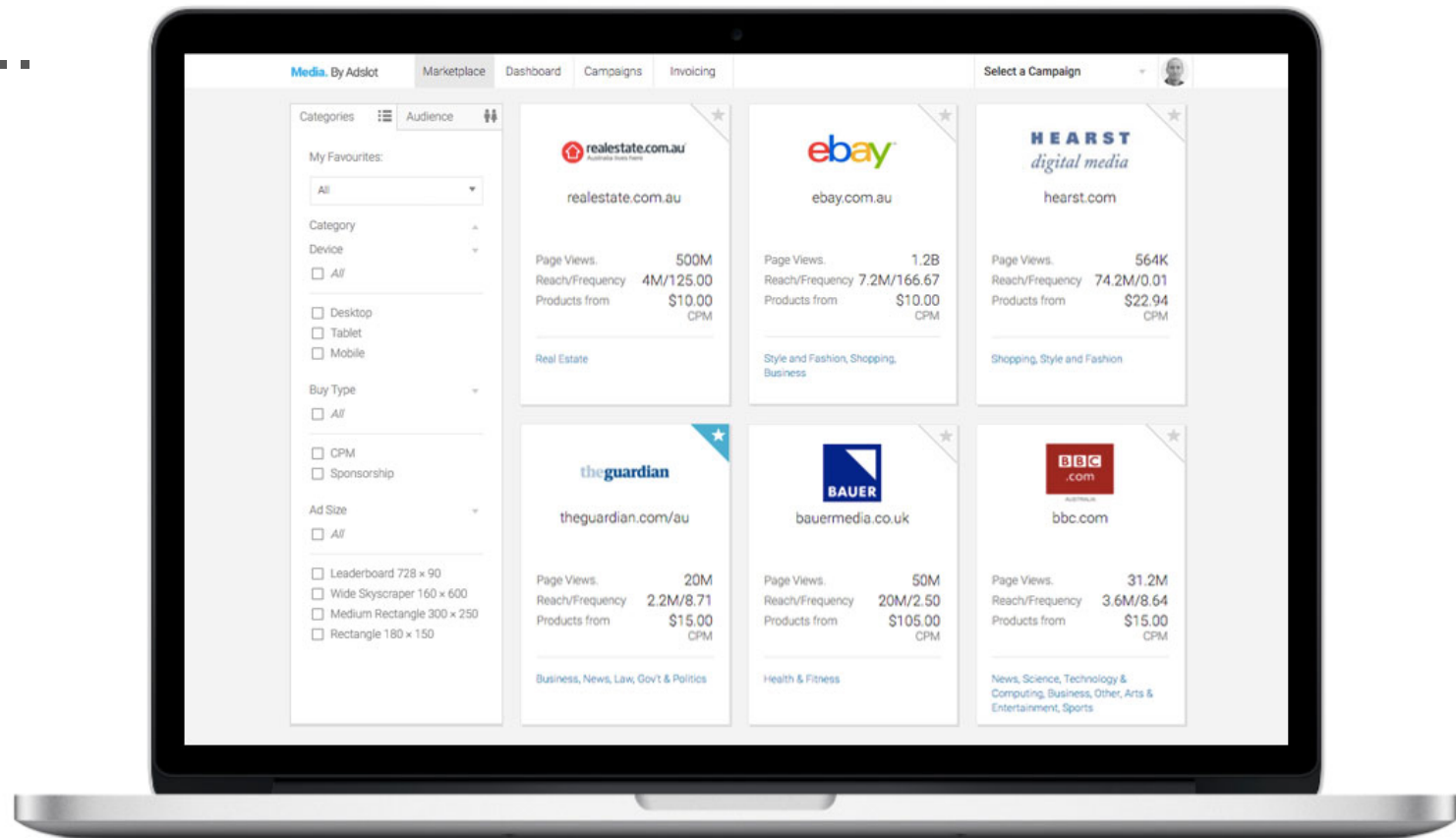


The inefficiency of the \$51b  
forward guaranteed market  
creates a huge opportunity...

Adslot's vision:

To become the world's leading  
provider of trading automation  
technology for the forward  
guaranteed market

# Welcome to Adslot...



# Automation is inevitable, and it's here

In CY2015 automation of the forward guaranteed display market became a reality

## The industry is paying attention

### IAB Helps Push the Growth of Automated Guaranteed Buying with Release of "OpenDirect 1.0"

“Today the Interactive Advertising Bureau (IAB) released "OpenDirect 1.0" for public comment. OpenDirect 1.0 is a new automated, guaranteed API standard for the programmatic selling and buying of premium inventory that brings greater efficiencies and reliability in the packaging, pricing and delivering of reserved inventory for publishers. Efficient transactions between multiple publishers and buying platforms have the potential to dramatically accelerate the growth of automated guaranteed buying.”

- IAB -

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# Automation is inevitable, and it's here

In CY2015 automation of the forward guaranteed display market became a reality

## Analysts are paying attention

"Spending managed on programmatic platforms will grow more than six-fold in the United States by 2019. Most of that growth will take place in the automation of guaranteed sales where vast efficiencies can be realized."

**- Karsten Weide, VP of Media and Entertainment, IDC -**

# Automation is inevitable, and it's here

In CY2015 automation of the forward guaranteed display market became a reality

## Other technology providers are paying attention

“Automating guaranteed direct orders facilitates the buying and selling of the most premium, higher priced inventory directly between buyers and sellers, similar to how TV advertising is bought and sold today. Consolidating the guaranteed direct orders market with these acquisitions (iSocket & ShinyAds), combined with our existing direct order technology and scale, solidifies our market leadership in this rapidly growing segment.”

**- Frank Addante, CEO & Founder, Rubicon Project -**

The world's leading media buying groups & agencies...

WPP

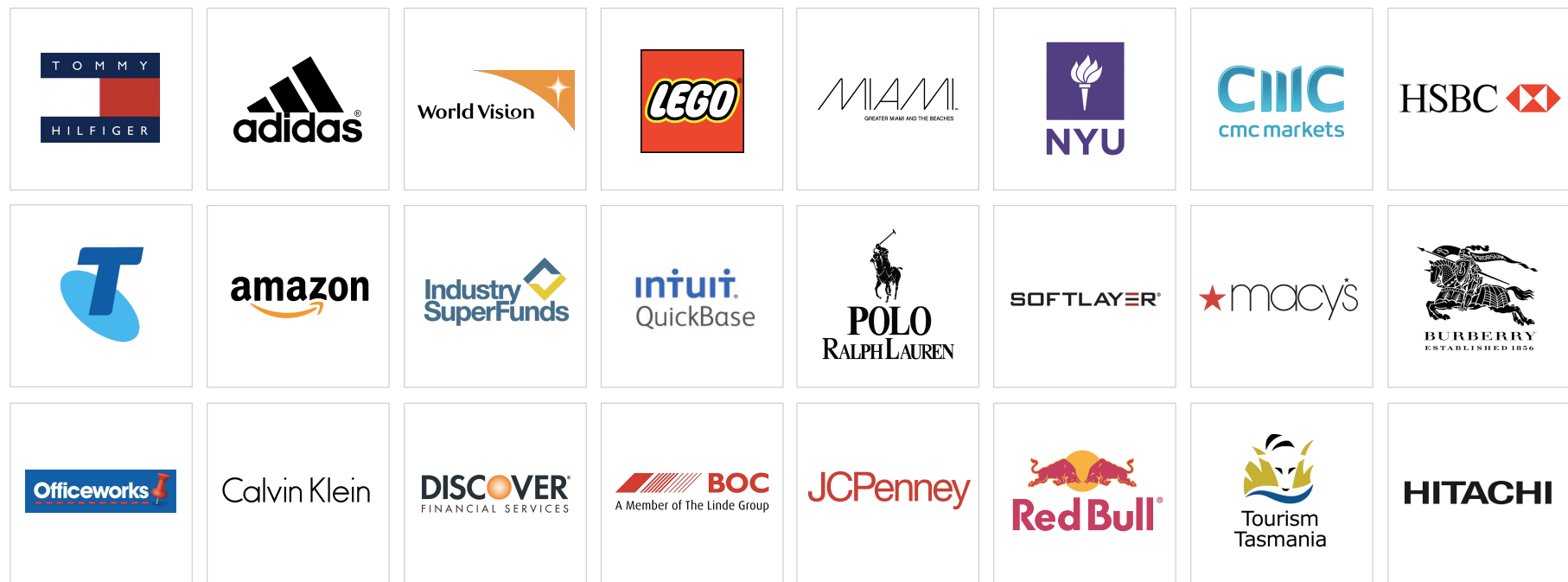


IPG  
Interpublic Group

Omnicom

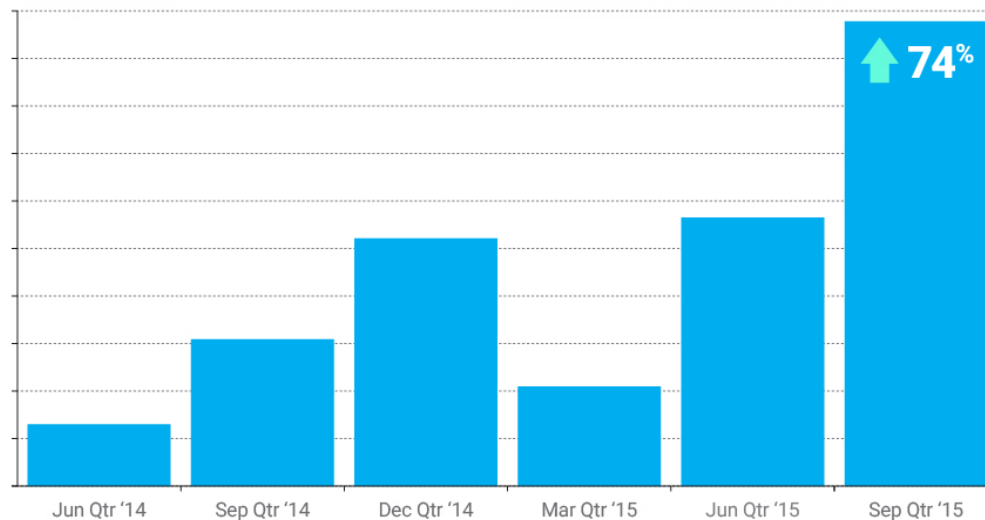
dentsu  
ÆGIS  
network

# On behalf of some of the **world's** leading advertisers



...are adopting **Adslot** technology

\$ Value of Media Traded via Adslot (AUD)



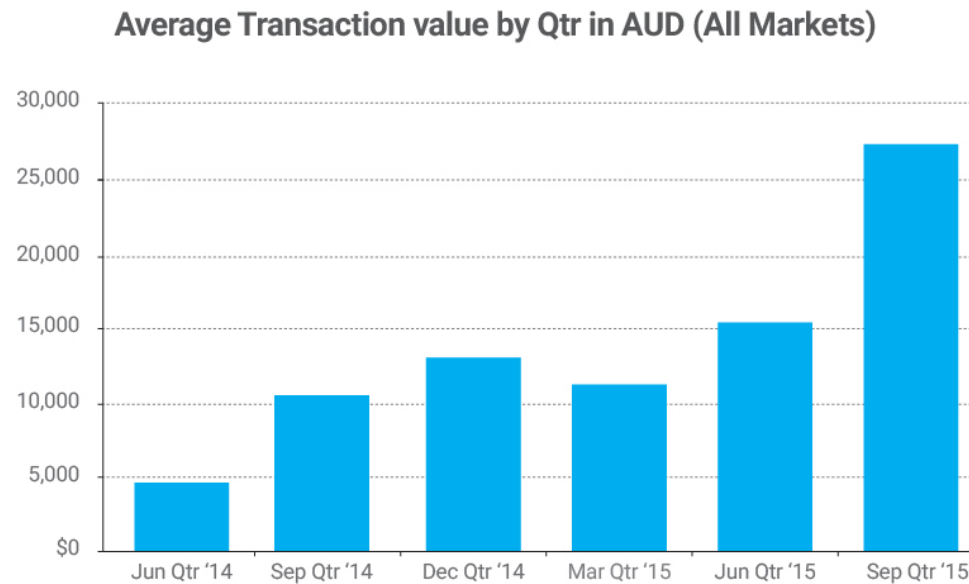
In September Quarter (2015) the value of media traded via Adslot grew by 74% QoQ

**H E A R S T**

*"Automated Guaranteed allows our clients to reserve our premium inventory whilst removing inefficiencies that direct sales often bring. The integration with the Adslot platform has been slick and their customer service is great on both buy and sell sides."*

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# ...and they are coming back for more



- The average value of media traded per transaction continues to climb as adoption builds
- In aggregate (across all markets), the average value of media traded per transaction **increased by 78% in the September Qtr to over AUD \$27,000**

# Where are we now and what can we expect in CY16?

- CY15 established that automation of the forward guaranteed market – *Automated Guaranteed* – is here to stay and has a bright future
- CY15 was a year of ‘market development’, where our sales & marketing effort was focused on:
  - **Creating awareness** - highlight challenges that are often accepted practice, then sell a future state where automation, efficiency and convenience define what is possible
  - **Targeting the ‘early adopters’** – secure first transactions from market leaders
  - **Proving the technology** – demonstrate the platform is stable, the features solve real problems and are easy to use, and bring users back for more

# Where are we now and what can we expect in CY16?

- CY16 will see a transition from the market development phase to the *business development* phase
  - The migration of skills, hierarchies, organisations and media spend to ‘platforms’ and ‘automation’ is structural – the timeline for the market development phase has been difficult to project
  - The inefficiencies of the industry also creates jobs and multiple intermediaries, so change has taken time
  - We are seeing larger opportunities develop as acceptance of the inevitability of automation becomes ubiquitous
  - The largest media buying groups are planning more significant usage in early CY16

## In Summary...

- The \$51b forward guaranteed display advertising market has validated the need for automation
- As awareness translates to adoption, and adoption accelerates, we are seeing a shift from the *market development* phase to a *business development* phase
- The increase in trading activity via Adslot is gathering speed

# Adslot's Strategy

# Over the last 12 months we have remained laser focused on executing our strategy

## 1. Grow the demand captured via Symphony

Adslot's market leading workflow automation technology for media buyers, Symphony is used by some of the largest media agencies in the world and now captures AUD \$2.5b of media spend. Symphony is sold to media agencies under a licence model.

## 2. Build out our coalition of partners

Adslot is building a network of global partners to grow supply and demand in the Adslot marketplace. Partners include Yahoo, Microsoft, MediaMath and PubMatic.

## 3. Integrate the automated trading experience into Symphony

Integrating the catalogue of publisher inventory within Adslot into the media buying workflow of Symphony is a key growth strategy for the company.

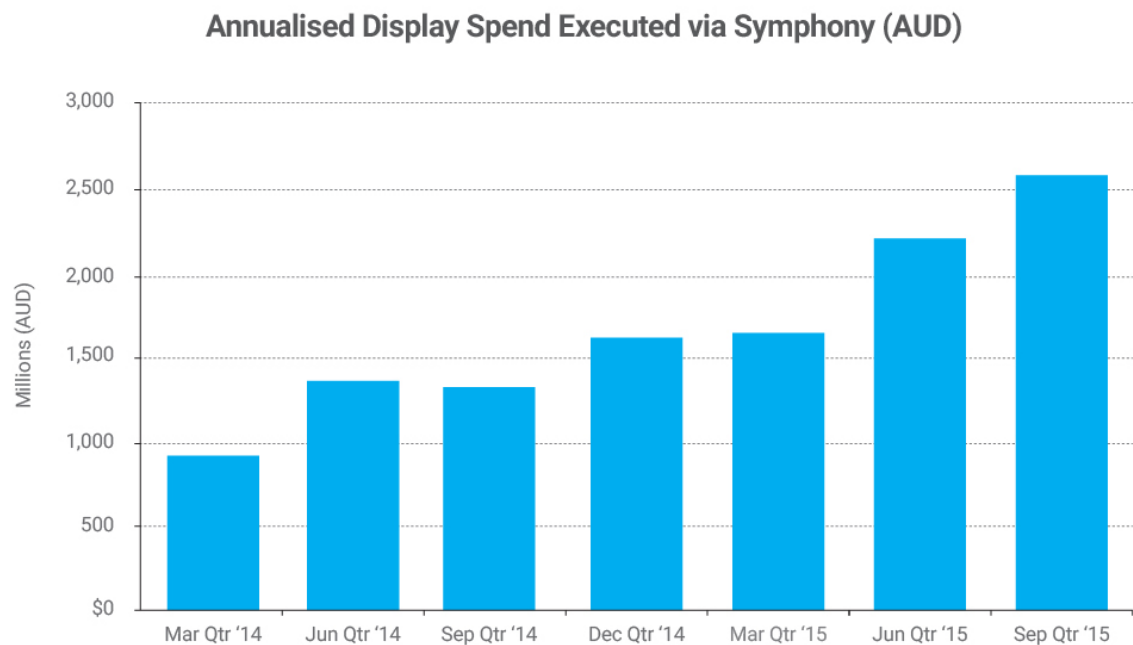
## 4. Extend our value proposition from efficiency to efficiency+effectiveness

Ensure that campaigns traded via Adslot aren't just more efficient to execute, but also out-perform campaigns that are not traded via Adslot.

# We have remained laser focused on executing our strategy

## 1. Grow the demand captured via Symphony

- Major new contracts secured in FY15 (Starcom, Haworth, Goldbach)
- Further wins secured 1H FY16
- Over AUD \$2.5b of annualised demand now executed via Symphony
- Major agency clients in APAC, Europe and US



# We have remained laser focused on executing our strategy

## 2. Build out our coalition of partners

In the past 12 months Adslot have signed partnerships with 2 of the world's top 10 online publishers, and 2 of the world's leading publisher technology platforms



- Top 10 world's largest technology companies (Forbes, 2015)
- 10K+ employees
- Founded 1975



- One of the fastest growing companies in the US - 4 years running (Deloitte, 2015)
- 650 Employees
- Founded 2006



- Their customers represent over 20% of the global ad market (Operative, 2015)
- 12K Users
- Founded 2001

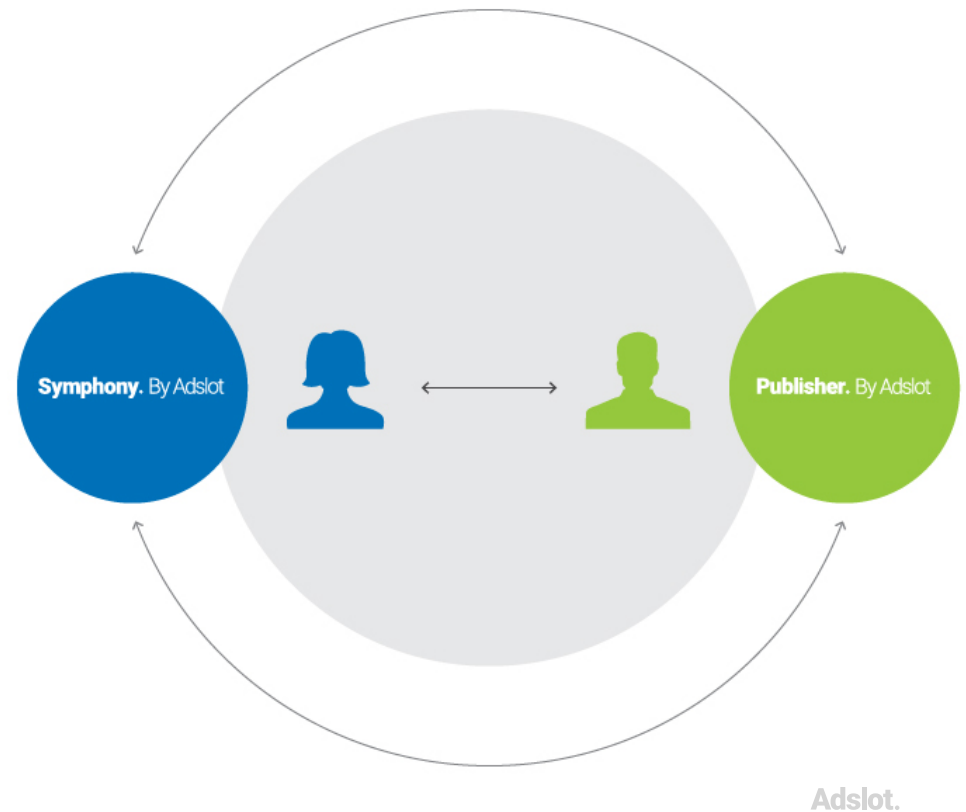


- One of the world's largest online publishers & leading content providers
- 1B+ monthly users
- Founded 1994

# We have remained laser focused on executing our strategy

## 3. Integrate the automated trading experience into Symphony

- Successful phase 1 release: August 2014
- Successful phase 2 release: April 2015
- First trading activity captured



# We have remained laser focused on executing our strategy

## 4. Extend our value proposition from efficiency to efficiency+effectiveness

AR

**Aaron Roach** 4:44 PM • Media Schedule - Change Request

Pedros so sorry about this but we need to update a few things to ensure we meet delivery and there was an issue with commissions which Alex spoke to you about already Thanks Aaron

Morningstar Business

|   |                                                            |                     |        |                          |                       |
|---|------------------------------------------------------------|---------------------|--------|--------------------------|-----------------------|
| 1 | Tablet Device - Main Category Pages - Medi...<br>300 x 250 | Commission adjusted | 5%     | (0% to 10%)              | <b>Change Request</b> |
| 2 | Tablet Device - Main Category Pages - Medi...<br>300 x 250 | End date extended   | 2 days | (09 Aug 14 to 10 Aug 14) | <b>Change Request</b> |

Morningstar

| Morningstar Business |                                                          | Measured | Viewed                   | Imps                              | Goal    | Clicks                       | CTR   |
|----------------------|----------------------------------------------------------|----------|--------------------------|-----------------------------------|---------|------------------------------|-------|
| 1                    | Tablet Device - Main Category Pages - Medi...<br>300x250 | 90%      | 85%<br>Viewed for 27h 4m | 15,253<br>Avg 50,000 imps per day | 550,000 | 350<br>Avg 20 clicks per day | 0.03% |

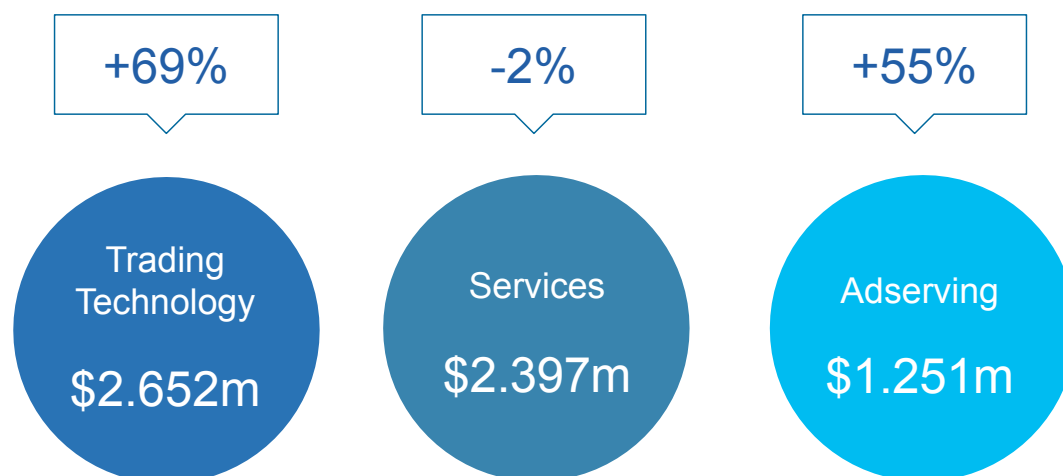
Real time  
collaboration

Campaign  
Optimisation

Viewability

Adslot.

## Whilst maintaining revenue growth...

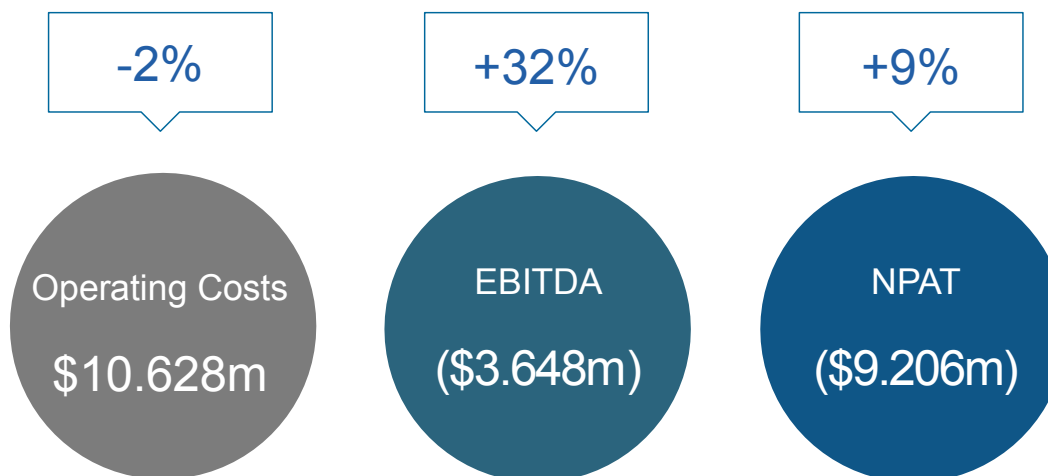


- Trading Technology is the primary growth engine with a 69% increase on pcp, and is now the largest revenue segment for the Group
- Non-strategic Services revenue was flat with only a small (2%) decrease on pcp
- Adserving revenue is a revenue stream derived from the Facilitate Digital acquisition

Note: Growth rates referenced are calculated against the previous corresponding period, being 12 months to 30 June 2014.

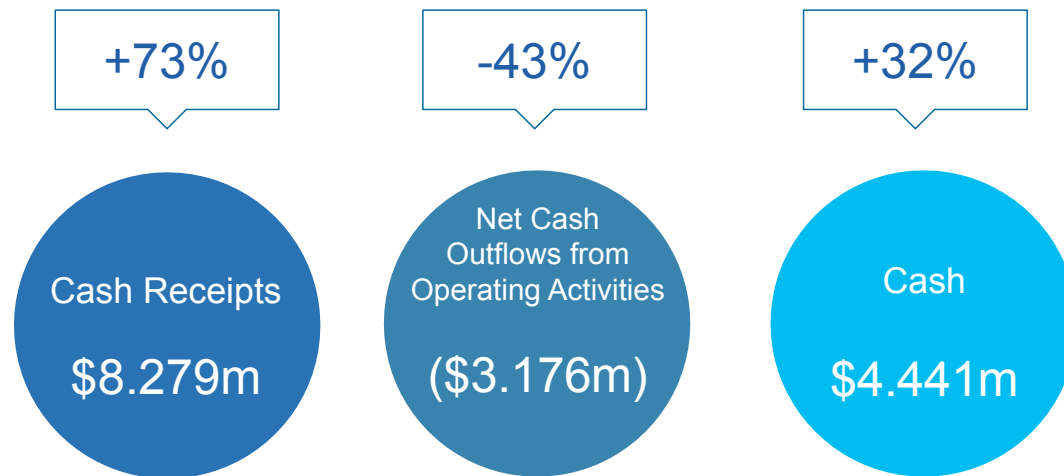
## managing costs to improve profit performance...

- Operating costs decreased slightly from \$10.794m to \$10.628m – a reduction of \$0.166m or 2% on pcp, demonstrating cost management discipline
- EBITDA loss reduced from a loss of \$5.340m to a loss of \$3.648m – an improvement of \$1.692m or 32% on pcp
- NPAT loss decreased from \$10.096m to \$9.206m – a reduced loss of \$0.890m or 9% on pcp



Note: Operating Costs are Total Expenses excluding Depreciation and Amortisation expenses.

## ...and improving cash outflow



- Receipts from Trade and Other Creditors grew 73% YoY, from \$4.774m to \$8.279m.
- 43% improvement in Net Cash Outflows from Operating Activities, reduced from (\$5.607m) in FY14 to (\$3.176m) in FY15.
- Continued investment in our Technology Platforms of \$1.938m net of R&D grants.
- A 32% increase in Cash at End of Financial Year from \$3.354m in FY14 to \$4.441m EoY FY15.

# Outlook

# Outlook

## Adslot partners will be activated via live integrations

- The leading global industry body IAB will shortly release a universal technical standard for *Automated Guaranteed*
- The IAB standard will reduce integration complexity, risk and timeframes – allowing Adslot and its partners to integrate more efficiently
- Adslot partners are significant global players – once integrated we expect they will further grow trading activity

# Outlook

The Symphony-Adslot integration will drive a further lift in trading activity

- Our integration roadmap includes major feature releases and enhancements
- Media buying groups such as Omnicom and Publicis have mobilised to trade more significantly via the integration
- New agency clients are signing on for Symphony because they see value in the combined Symphony-Adslot capability

# Outlook

Adslot will continue to innovate to maintain it's *best in class* status

- Investment data and campaign performance data will be integrated to provide meaningful insights and inform trading decisions
- More complex ad units will be supported
- More inventory sources (publisher adservers) will be integrated

# Outlook – Other Key Strategies

## Grow Symphony's share of the forward guaranteed market

The more demand captured via Symphony, the stronger the Company is positioned as media buying groups move their trading activity to 'platforms'

## Bring intelligent audience trading into the platform, at scale

As media buyers increasingly focus on buying the right audience, provide tools that allow publishers to expose audience segments to buyers, traded under the forward guaranteed model

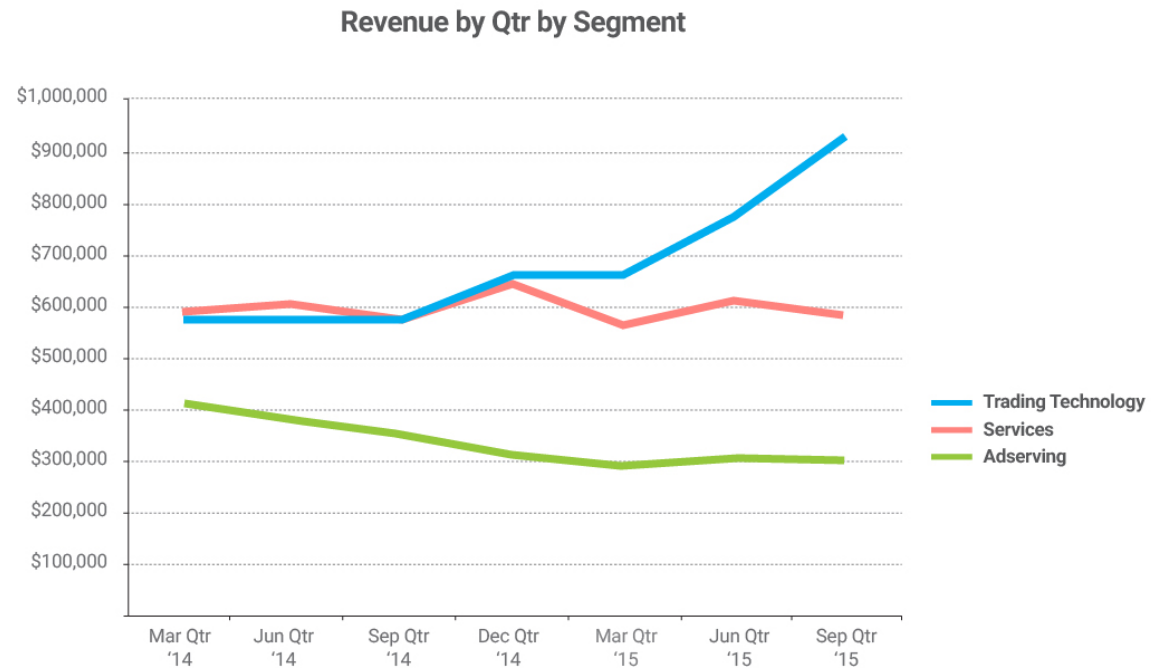
## Establish an off-shore development facility to scale the product team cost effectively

Provides better, faster access to resource through which to build the team, and with improved economies of scale

# Outlook – Revenue by Segment

Trading activity is expected to lift, driving further growth in Trading Technology revenues

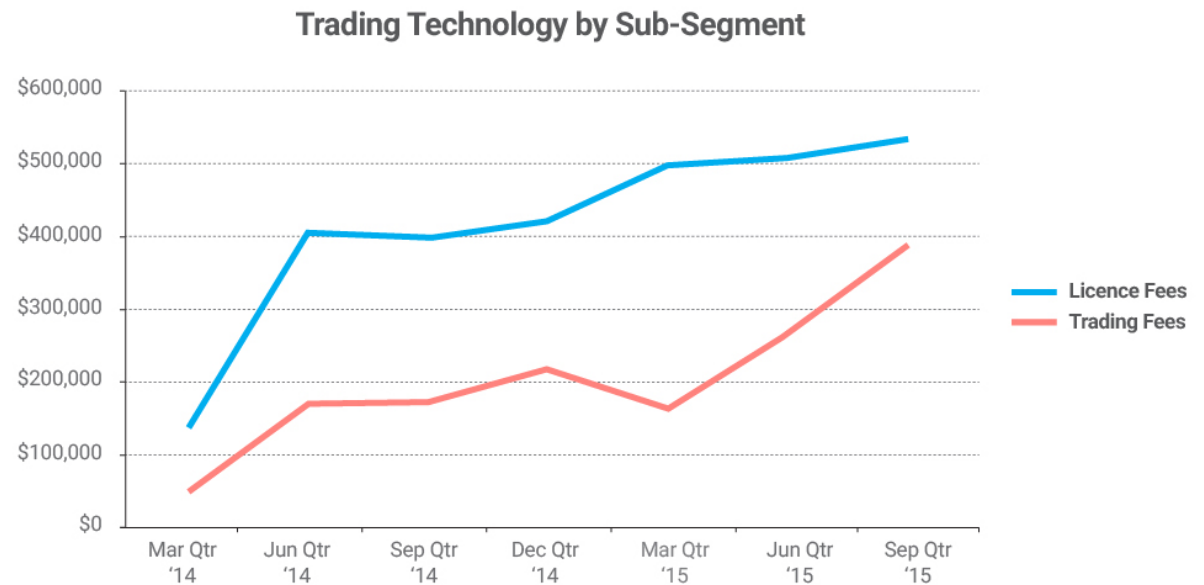
- The forward guaranteed market's growing adoption of trading technology will continue in CY16
- Growth in Adslot's Trading Technology revenue will continue to outpace a gradual decline in non strategic Services and Adserving revenues



# Outlook - Trading Technology Revenue by Sub-Segment

Trading Technology revenues for the current half are on track to exceed the prior half

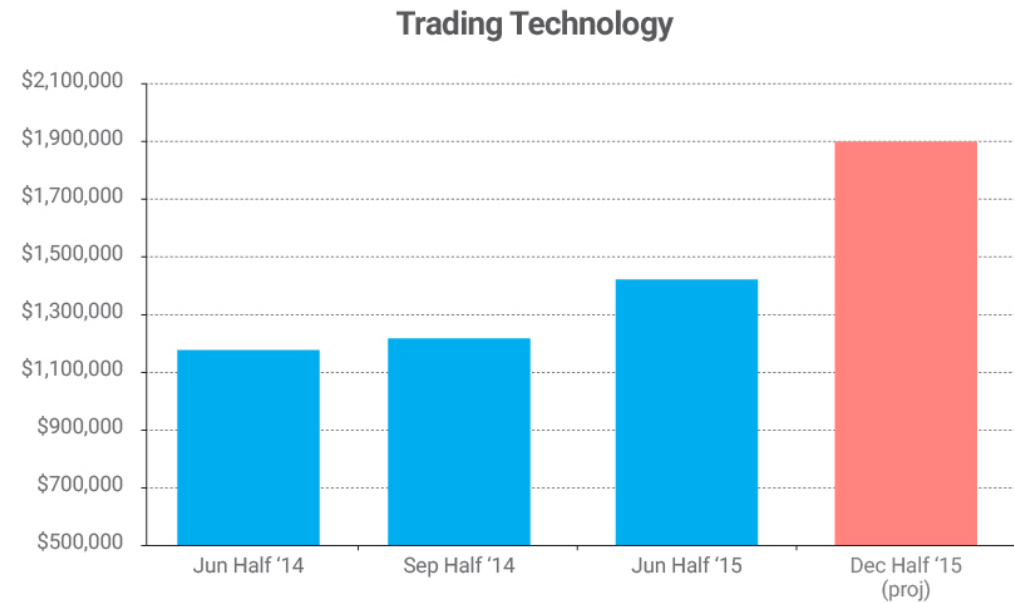
- Licence Fees and Trading Fees are both growing
- Trading Fee revenue constitutes a smaller % of the Trading Technology segment total, and for now is less predictable than Licence Fees, but has built to a steeper growth trajectory



# Outlook - Revenues

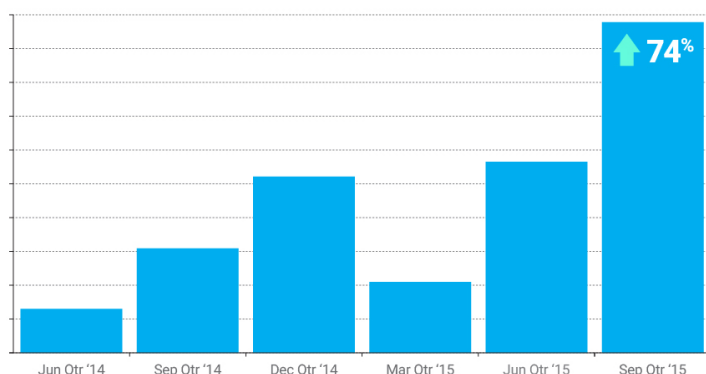
**The December Half is on track to exceed the prior half by approximately 32%**

- Trading Technology growth is accelerating:
  - 2H FY14 to 1H FY15: 7%
  - 1H FY15 to 2H FY15: 17%
  - **2H FY15 to 1H FY16: 32%** (projected)

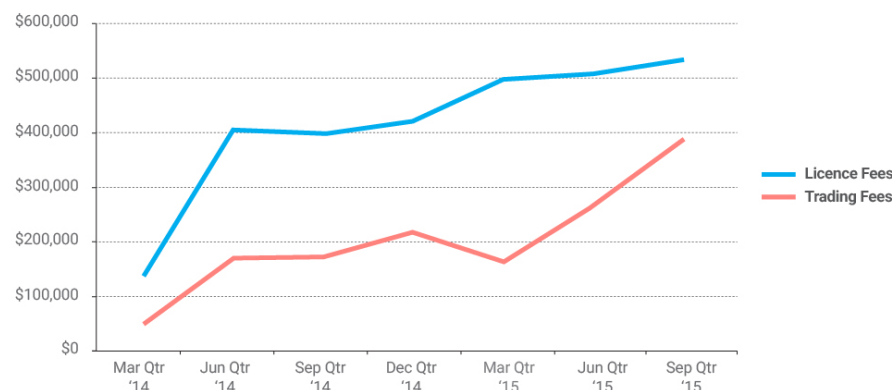


# Trading Fee Revenue vs Trading Activity

\$ Value of Media Traded via Adslot (AUD)



Trading Technology by Sub-Segment



- Trades are made between 2 days and 4 months in advance of the campaigns that are purchased being published
- Revenues are recognised in Adslot accounts only when the advertising activity purchased has been published
- Invoices are generated monthly in arrears and are paid in accordance with an industry standard 45 days
- There is a cyclic delay between trading activity, revenue and the cashflow it generates
- For example, the June-Sept Qtr movement:
  - 74% increase in the value of media traded
  - 45% increase in Trading Fee revenues
  - 3% increase in cash receipts

# Outlook - Cashflows

The Company's cash position funds the current business plan

The Board continues to closely monitor capital reserves to balance:

- An ongoing focus on revenue growth and cost control to optimise cashflows
- Ensuring the Company is able to continue to realise the significant opportunities it has developed

# Summary

- The media industry has validated both our technology and the opportunity it creates
- Adoption is growing...and is expected to accelerate
- Revenue growth is expected to continue and accelerate
- The Company has built a highly strategic position by:
  - Continually growing the pool of demand secured within the Symphony platform
  - Integrating our catalogue of publisher inventory within Symphony
  - Successfully expanding the geographical coverage of our client base
  - Working with our partners to achieve standards that will simplify how we integrate with them
  - Continuing to invest in the technology to remain 'best in class'

# Thank you



@adslot



investor.relations@adslot.com

**Adslot.**