

# Adslot Ltd

# Half-Year Results

26<sup>th</sup> February 2016

(ASX:ADJ)

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# 1H FY16 - Highlights

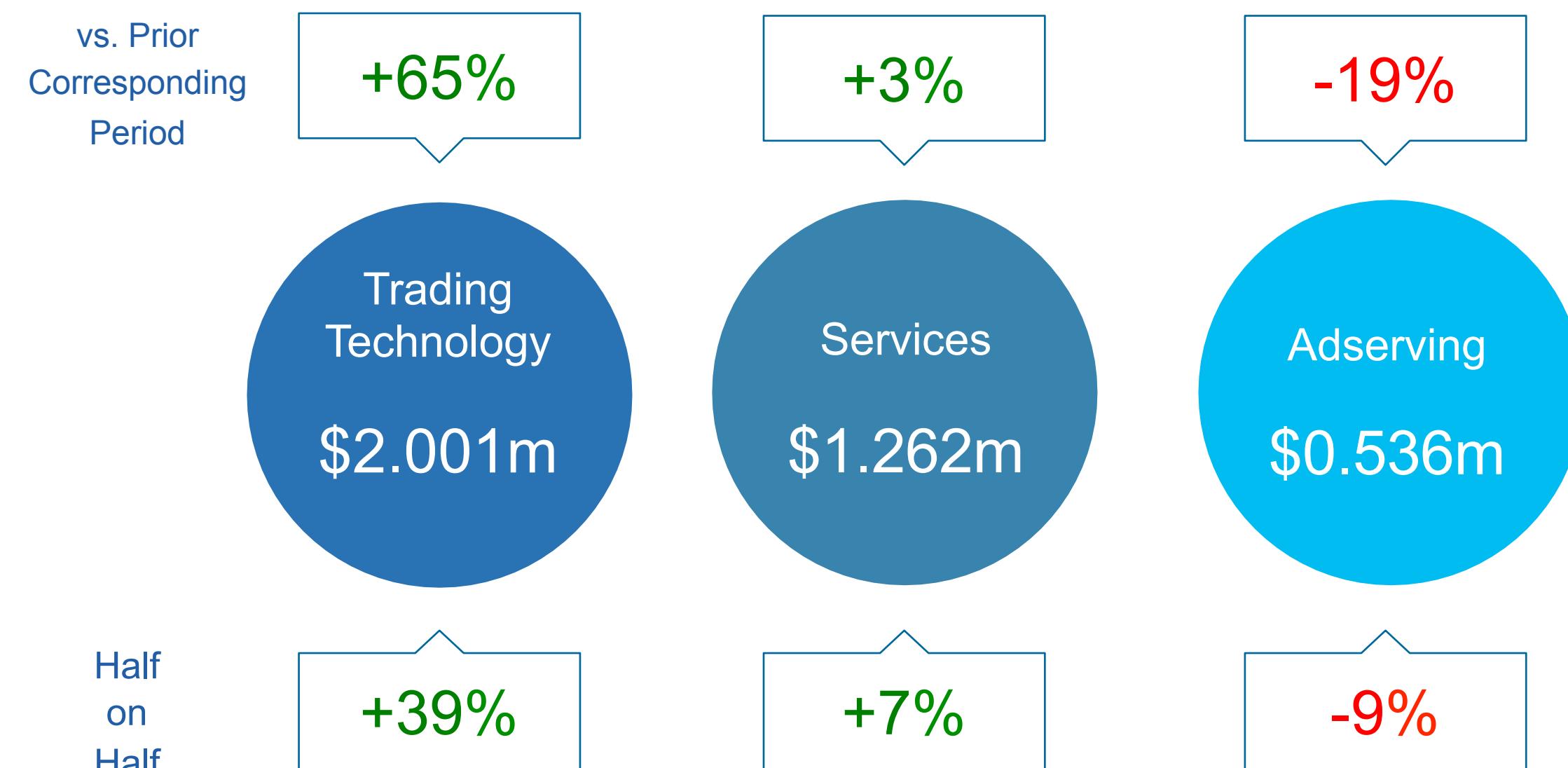
- **Trading Technology revenues for the Half Year to Dec '15 increased by 39% HoH and 65% PCP**  
*Trading Technology revenues for the half year to Dec '15 were \$2.001m, exceeding guidance of \$1.9m*
- **Growth driven by increase in both Licence Fees and Trading Fees:**
  - Licence Fee revenues for the half year to Dec '15 grew by 35% HoH and 66% PCP
  - Trading Fee revenues for the half year to Dec '15 grew by 47% HoH and 63% PCP
- **The annualised value of media spend executed via Symphony continues to grow:**
  - 34% HoH from AUD \$2.20b to AUD \$2.95b
  - 85% PCP from AUD \$1.59b to AUD \$2.95b
- **Significant progress with major agency clients for more expansive adoption of the Symphony-Adslot integration throughout 2H FY16**
- **Operating costs (excluding D&A and SBP) for the 6 months to Dec 31 remain flat:**
  - HoH an increase of 2% to \$5.3m
  - PCP an increase of 12%

*HoH means 1HFY16 versus 2HFY15; PCP means 1HFY16 versus 1HFY15*

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# 1H FY16 - Financials

# 1H FY16 Financials – Revenue by Segment

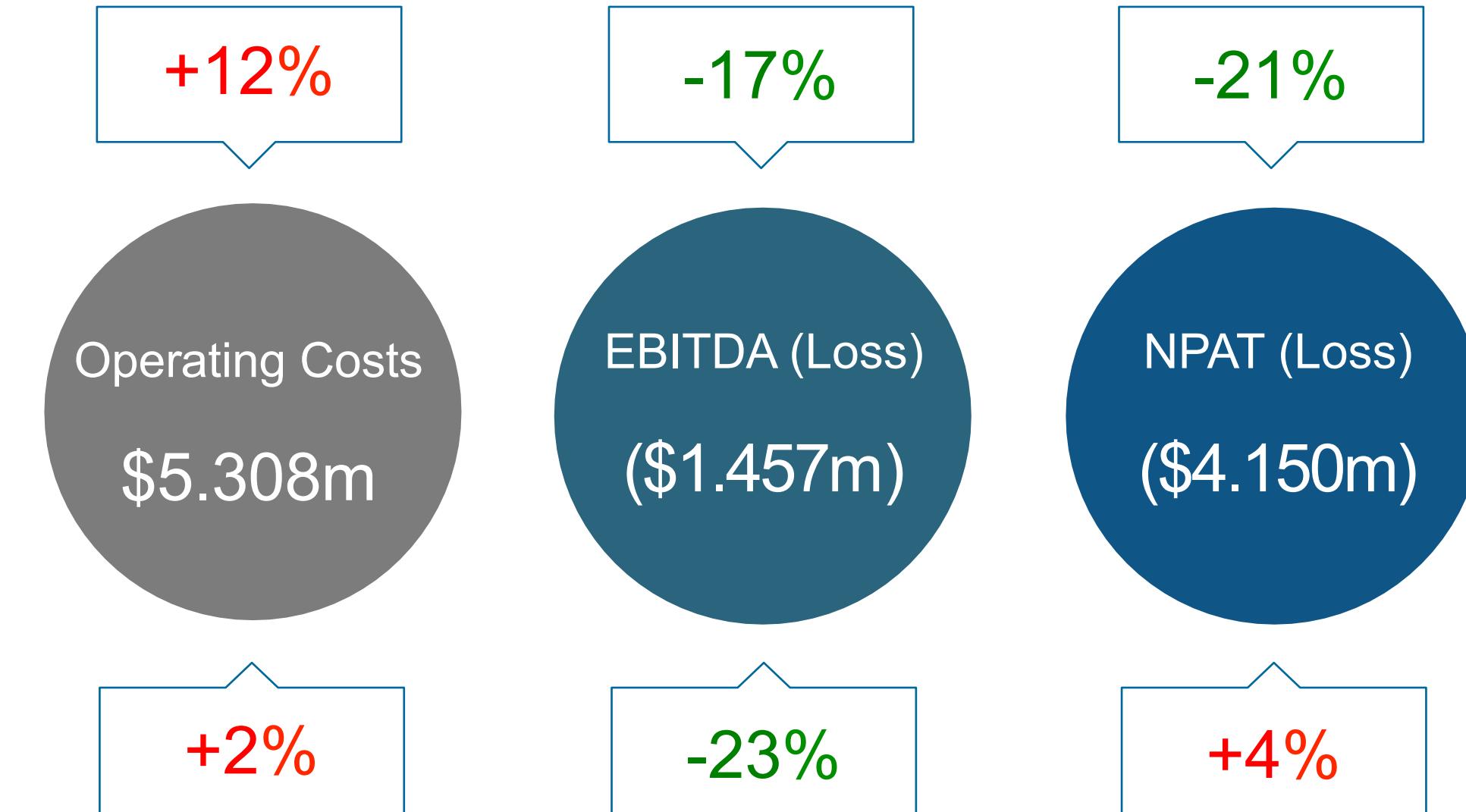


- Trading Technology continues to drive revenue growth, increasing by 39% versus the prior half and 65% against the PCP.
- Services revenue of \$1.262m represents a 7% increase against the prior half and a 3% increase versus the PCP.
- Adservicing is a modestly profitable but non strategic revenue stream and continues to decline as expected, decreasing by 9% and 19% against the prior half and PCP respectively.
- Total Group Revenues for the half of \$4.233m is an increase of 14% HoH and 23% versus the PCP.

Note: Half on Half growth rates referenced are calculated against the last 6 months, being 6 months to June 2015  
PCP growth rates referenced are calculated against the prior Half Year period, being 6 months to December 2014

# 1H FY16 Financials – Operating Costs/Profit

- Operating costs of \$5.308m for the half were flat (+2%) against the prior half demonstrating cost management discipline, and 12% higher on a PCP basis.
- EBITDA loss for the half of \$1.457m was an improvement of 23% against the prior half, and an improvement of 17% against the PCP.
- NPAT loss for the half of \$4.150m increased slightly (4%) against the prior half but were reduced by 21% against the PCP.



vs. Prior  
Corresponding  
Period

Half  
on  
Half

Note: Operating Costs are Total Expenses excluding Depreciation and Amortisation, Share Based Payment and Taxes.

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# 1H FY16 Financials – Cashflow

vs. Prior Corresponding Period  
Half on Half



- Receipts from customers of \$5.949m grew 25% HoH, and 68% compared to the PCP.
- Net Cash Cashflows significantly improved, with the outflow dropping to \$0.543m, a 57% improvement HoH, and an 86% improvement against the PCP.
- The Company continues to invest in its Technology Platforms, with \$1.856m invested in 1HFY16. Via the R&D grant scheme a cash payment to offset R&D investment for the full year (FY16) is anticipated in September 2016.
- Cash at the conclusion of 1H FY16 is \$3.835m, being 14% lower than June 2015 and 33% below December 2014.

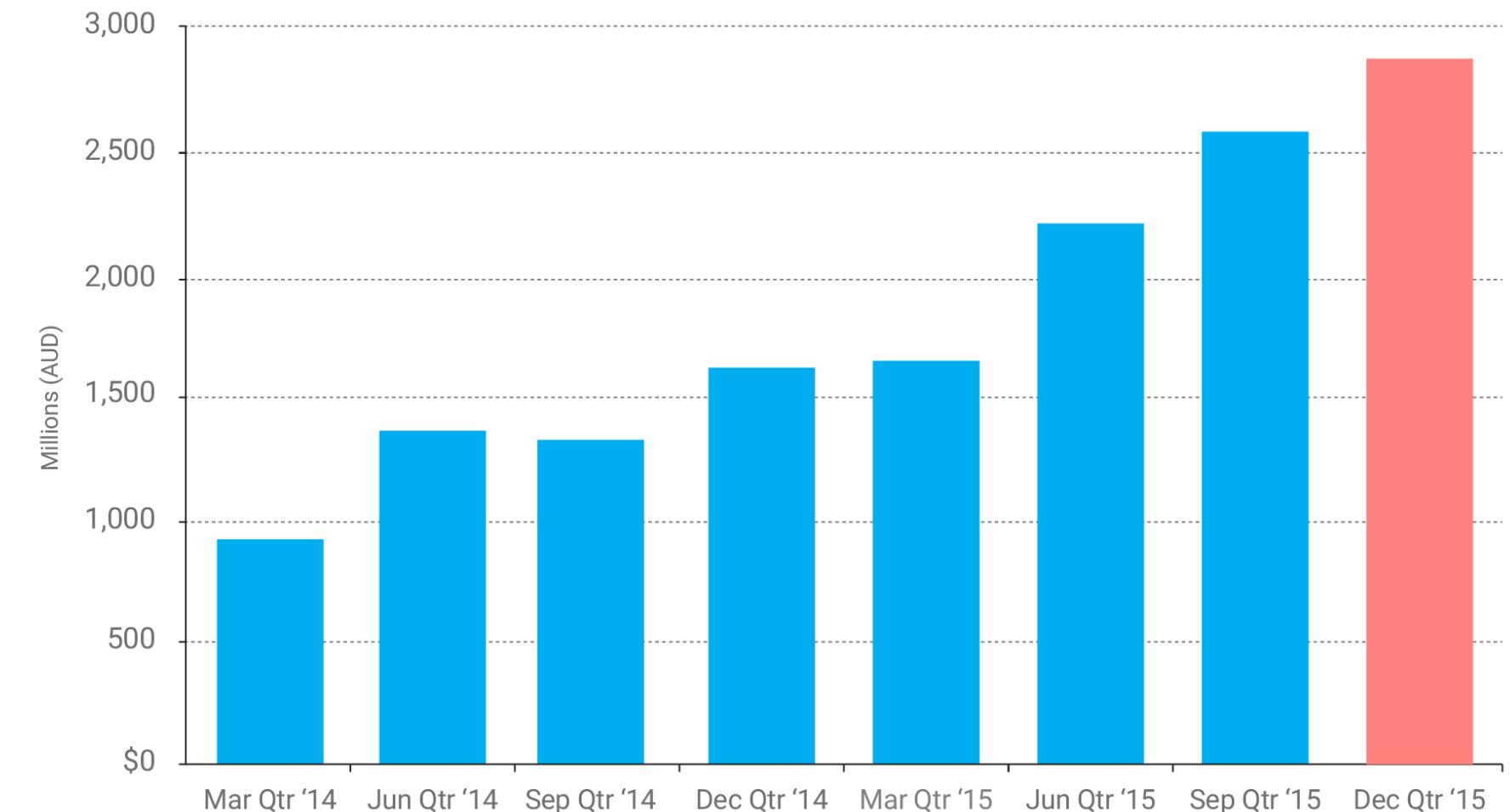
Adslot is successfully  
executing its strategy

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# Leveraging incumbency to build a transactional revenue stream

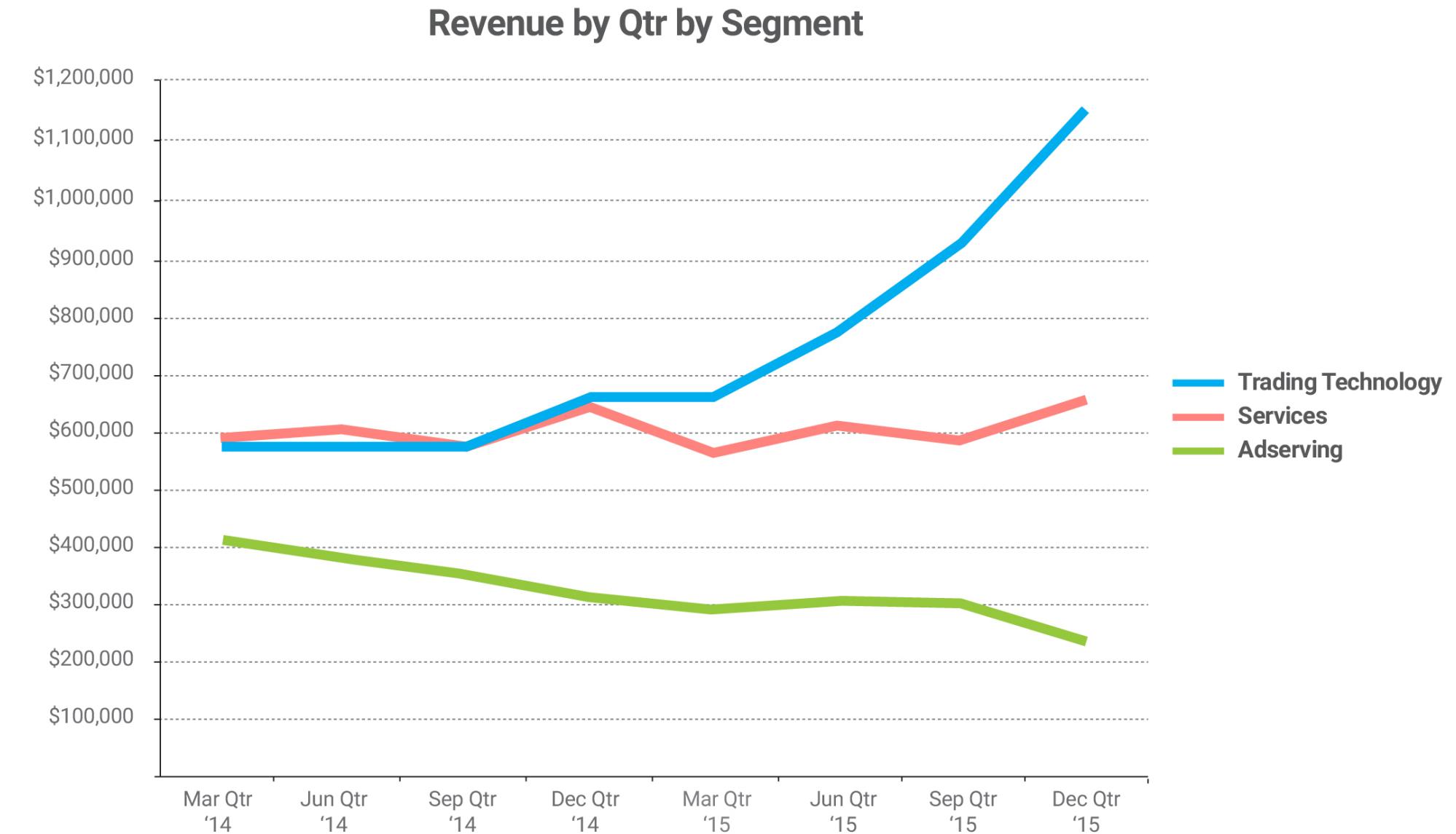
- Adslot's *Symphony* platform (workflow automation technology for agencies) is a proven technology with long term clients.
- The contract renewal rate for *Symphony* is over 90%.
- Recent successful deployments for new clients in US, Europe and APAC means *Symphony* is accumulating market share.
- Accordingly, the quantum of online display spend executed via the platform has grown to \$2.9b annualised.
- Agencies pay for *Symphony* under a licence fee model.
- *Adslot is leveraging the incumbency of Symphony and the media spend it captures to build a transactional revenue stream.*

Annualised Display Spend Executed via Symphony (AUD)



# Trading Technology revenue growth is accelerating...

- Trading Technology revenue comprises Licence Fees and Trading Fees.
- Trading Technology revenue growth is accelerating:
  - 2H FY14 to 1H FY15      7% growth
  - 1H FY15 to 2H FY15      19% growth
  - 2H FY15 to 1H FY16      39% growth



# Trading Fee revenues are growing

- Trading Technology is the high growth, large market opportunity Adslot is investing to realise.
- Licence Fees and Trading Fees are both growing.
- Whilst month to month variability in Trading Fees remains likely in the short term, sales momentum continues to build.
- **Trading Fee revenues for the half year to Dec '15 grew by 47% HoH and 63% PCP**



# Symphony and Adslot feature sets are being continually enhanced

- **Briefing** – allows a buyer to describe a series of campaign objectives then distribute this in the form of a brief to select publishers. Publishers can then use Adslot's real time availability feature to generate a schedule of proposed activity and share it with the buyer in response.
- **Discount/Commission Management** – allows buyer and seller to collaborate and agree to applicable discount and commission rates.
- **Frequency Capping** – allows a buyer to configure the maximum number of times over any given period they want an individual to see their campaign, then query inventory availability against it.

The screenshot displays the Adslot software interface, illustrating several key features:

- Campaign Management:** A main panel shows a campaign for "Morningstar" with a budget of \$12,000.00. It lists ad units: "Morningstar Business" and "ROS - Medium Rectangle 300 x 250". The "ROS" entry includes a note "Targeting Required" and a status "Starts in 23 days".
- Discount/Commission Management:** A detailed view for the "ROS - Medium Rectangle 300 x 250" unit shows rates and discounts. For "Cosmopolitan Finland", the rate is €5,000.00 with a discount of €500 (10%). For "Groove FM", the rate is €10,000.00 with a discount of €1,000.00 (10%).
- Frequency Capping:** A separate panel at the bottom right shows a configuration for a campaign. It specifies "Impressions: 500000" and "CPM: \$28.00", resulting in a total "Cost: \$13999.33". A "Frequency cap" is set to 3 "imps per 24 Hours".

*These new features have directly and positively impacted the size and quality of our sales pipeline.*

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# The market for Adslot's technology is developing rapidly, significant opportunities are emerging

- Global agency groups are transitioning from 'talk' to 'walk'.
- Influential industry body IAB have consulted with leading industry players including Adslot to develop a global standard that will allow different platforms to integrate with each other more easily (the 'Open Direct Protocol'). An announcement confirming this standard has been ratified and is expected imminently.
- Various agencies are in the process of assessing vendors of Automated Guaranteed technology with the objective of appointing a primary partner.
- Adslot's marketplace of publishers continues to build, evidenced by media buyers (agencies) advising publishers they need to be 'plugged in' to Adslot. New premium publishers are being signed to Adslot every month in US, EMEA and APAC.
- The Company is prioritising the development of specific features that align with known, qualified and accessible revenue.

# Outlook

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# Outlook - continued growth

- Trading Technology revenues are expected to deliver continued growth into 2H FY16 and beyond, underpinned by growth in both Licence Fees and Trading Fees.
- First trading activity via the Symphony-Adslot integration have commenced in Europe. APAC Symphony clients have recently increased their level of activity over the Symphony-Adslot integration. As a direct result Trading Fees secured via the Symphony-Adslot integration are expected to grow significantly in 2H FY16.
- Growth in ad spend captured via Symphony is expected to continue, increasing Adslot's market share and strengthening the Company's strategic position whilst presenting new opportunities to cross-sell the integrated Symphony-Adslot capability.
- Revenue is expected to grow in 2HFY16, whilst the cost base to provide and service Adslot's technology is expected to remain flat.

# Thank you



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