



XL MEDIA

Monetising Online and Mobile Traffic

March 2016



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The presentation team



Chris Bell, Non-executive Chairman

- Former CEO of Ladbrokes between 2001 and 2010
- Has over 20 years' experience in the gambling sector
- Currently non-executive at Quintain Estates and Development plc and Spirit plc and a member of the Responsible Gambling Strategy board



Ory Weihs, Group CEO

- Entrepreneur with 12 years experience in performance marketing
- Currently focused on business development and strategy
- CEO of the company since inception



Inbal Lavi, General Manager (IL)

- 10 years' experience in the online marketing industry
- Diverse background and expertise in marketing strategy, operations and P&L management, including heading the 888poker business from Dec 2011 to Jan 2014

Overview

Online performance marketing company

- We attract paying users from multiple online & mobile channels and direct them to online businesses
- Performance based business model with over 50% recurring revenues underpinning strong cash flow
- Customers include: Bet365, 888.com, Ladbrokes, William Hill, Betsson, Unibet, Mr. Green, Caesars Interactive, Fanduel

Delivered strong financial performance

- Consistent track record of profitable growth and cash generation
- Strong balance sheet
- Highly cash generative, helps support Dividend policy of 50% pay out

Creating significant market opportunities

- Demand for digital marketing accelerating
- Social gaming and real money online gambling continue strong growth
- Potential to target additional territories
- Strong 2015 reflecting the results of investments made during the past 24 months



2015 performance

Revenues \$89.2M

Adj EBITDA \$28.4M

CAGR

55% Revenues CAGR;

53% EBITDA CAGR

Operational Highlights

Positive impact of acquisitions continues to accelerate profit growth and strategic progress

- Strong performance from Marmar Media acquisition, adding skills and client base in additional verticals, namely software and ecommerce
- First phase integration of EDM now completed, second phase progressing well
- Extension of our network through ongoing bolt on acquisitions within the Publishing division of mainly UK based websites

Ongoing R&D has strengthened the Groups in house operations and enhanced our analytics capabilities

Continued organic growth in all business segments and geographies



Our business model



Publishing

(34% SALES*)

XLMedia's Informational portals network



Media

(51% SALES*)

Technology based, ROI Driven, Continuously Optimised, Social gaming



Partner Network

(15% SALES*)

Revenue, volume and acquisition pipeline



Provide web / mobile users



Performance based payment

Lifetime Revenue share / CPA / CPI / ...

Diversified client base



Publishing

- XLMedia owns a network of informational websites
- The informational websites refer potential customers to web and mobile online businesses
- Our optimisation expertise includes:



Publishing revenues

2015: \$30.3 M

2014: \$23.9 M

Owens more than 2,000 websites in 18 languages

Content rich websites, ranking high on search engines

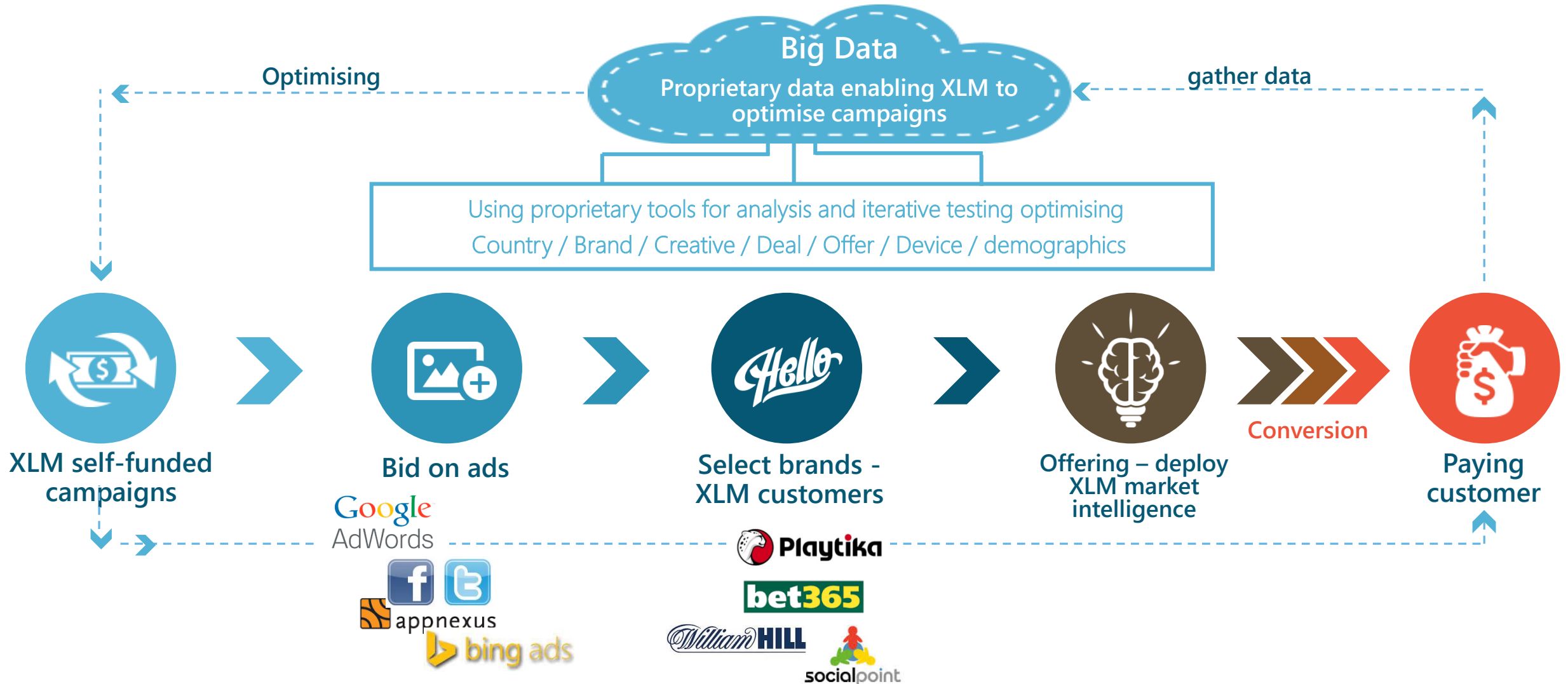
Search traffic considered of high value and highly sought for

- Recent acquisitions include a group of UK mobile focused websites
- Launched "Palcon", a proprietary content management system for centralised management of websites, enabling fast and dynamic updates and upgrades, comprehensive tracking support for website optimization as well as enhanced mobile and social features

- XLMedia acts as an advertiser running thousands of simultaneous self-funded campaigns, in different verticals
- Our customers pay only based on performance
- XL deploys proprietary technology to manage media campaigns
 - Leveraging in-house optimisation techniques whilst capitalising on efficiency and scale
- Recent acquisitions complement the group's operational reach:
 - EDM – the social gaming expert
 - Marmar Media – performance marketing company for web and mobile.
- Recent improvements to media exchange platforms continue to strengthen XLMedia's media reach; organic growth of 28% in the media segment before acquisitions
 - Changes aimed to protect media buyers such as XLMedia by supplying higher quality inventory

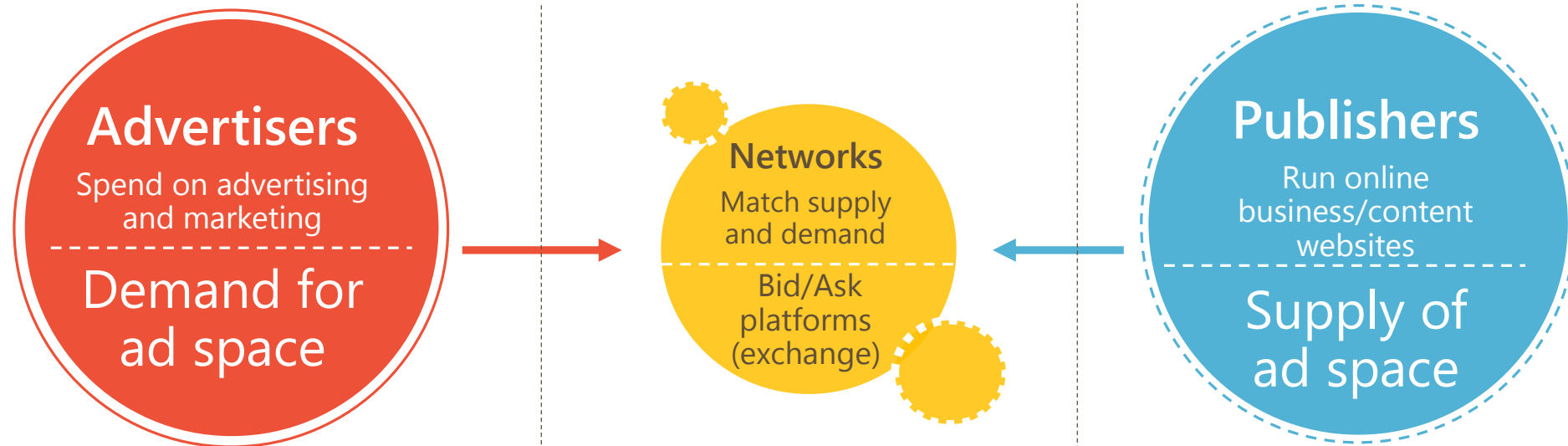
Media revenues
2015: \$45.8 M
2014: \$15.4 M





Digital advertising

Digital Media consists of posting different forms of advertising in the online and mobile space



Advertisers examples:

- Coca Cola
- Booking.com
- Gaming operators: Will Hill, 888, bet365....
- Ad agencies/ affiliates / marketing partners
- **XLMedia – Media division**

Publishers examples:

- The Telegraph / BBC / Sky / other news websites
- Google / Facebook /
- Best cooking recepies
- Informational websites in the gaming field such as "How to play blackjack" / odds comparison websites /
- **XLMedia – Publishing division**

Partner Network

- Currently manages over 300 independent affiliate partners who drive traffic through XLMedia
- All traffic generated by affiliates to gambling operators triggers revenue to XLMedia
- Affiliates benefit from XLMedia's ongoing close support, scaled operations and one-stop-shop to service multiple operators
- Affiliates access XLMedia's proprietary system aggregating statistics and promotions from many operators
- Affiliate network creates added scale for XLMedia as well as pipeline of potential acquisition targets



Partner Network revenues
2015: \$13.1 M
2014: \$6.1 M



Financial Highlights 2015

Revenues increased 76% to \$89.2 million (2014: \$50.7 million)

Gross profit increased 49% to \$41.1 million (2014: \$27.6 million)

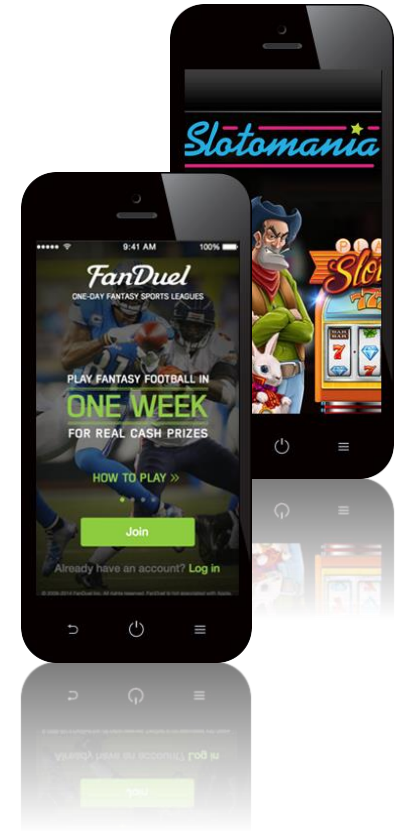
Adjusted EBITDA increased 67% to \$28.4 million (2014: \$17.0 million)

Profit before tax increased 84% to \$24.3 million (2014: \$13.2 million)

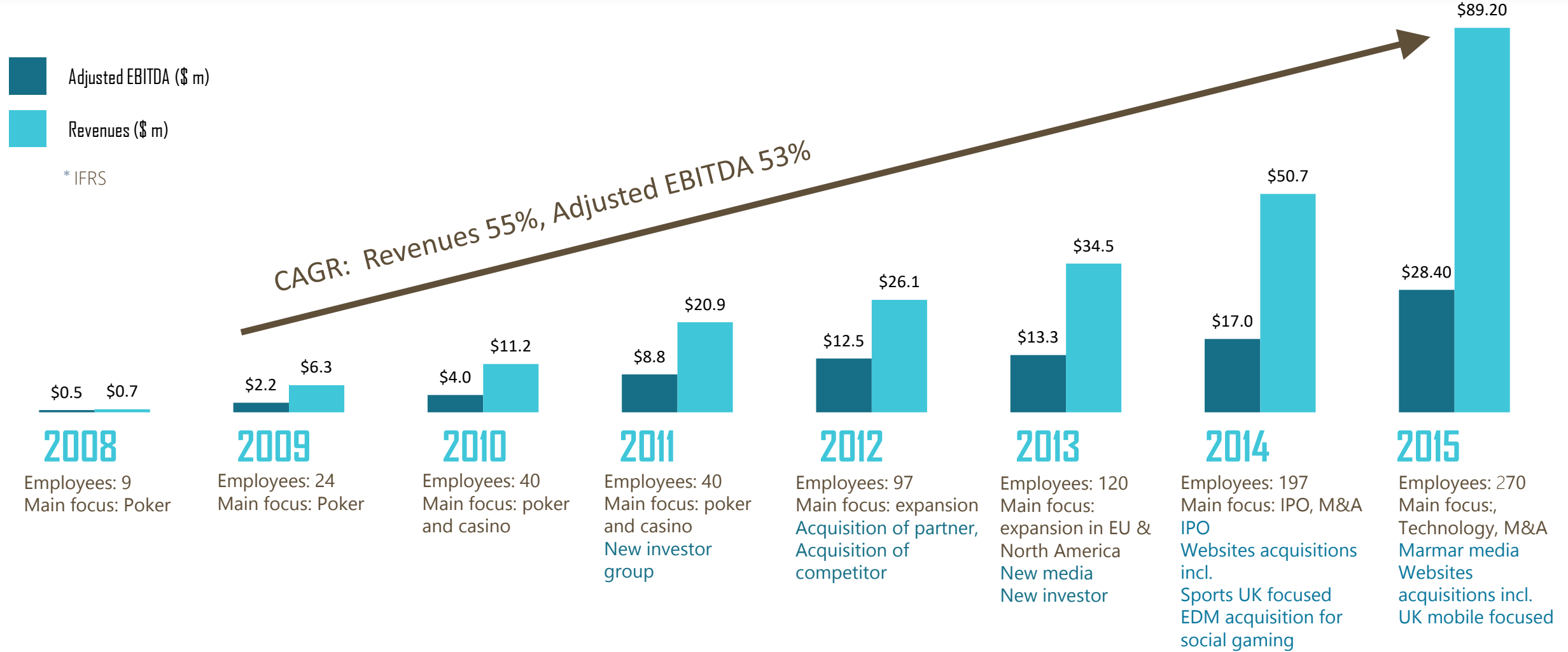
Net cash from operating activities increased 68% to \$28.4 million (2014: \$16.9 million)

Net income increased 70% to \$20.2 million (2014: \$11.9 million)

Strong balance sheet with \$42.6 million cash and short term investments



Strong Financial Track Record



Operational gearing underpinning future growth

The future of online marketing

Online gambling market

- Online gambling market currently worth \$40bn*¹ and expected to grow average 9% per year through to 2018

Mobile and tablet growth

- Mobile advertising is expected to grow by an average of 38% a year between 2014 and 2017
- Mobile adspend projected to account for 51% of all new advertising between 2014 and 2017, growing by \$42 billion*²
- Demand for social games continues to grow, aided by mobile growth, and is expected to see CAGR of 24% in the US between 2012 and 2016*³

Growth of Internet advertising revenues

- Internet advertising in the US totaled \$45.8 b in 2014, with CAGR of 18%*⁴ over the past ten years
- The growth is comprised of 12% CAGR for non-mobile revenues and 123% CAGR for mobile advertising over 2010 – 2013



Source:

*¹ H2 Gambling Capital report Apr 2014

*² ZenithOptimedia

*³ Technavio

*⁴ IAB

Growth Opportunities

Publishing

- Continue to grow publishing market share in current territories and newer territories such as UK, Canada, Austria, Germany, Switzerland, Greece, Denmark
- Ongoing investments in publishing tools to increase efficiency
- Enhancing Mobile marketing and social media activities in our publishing network improves websites performance

Media

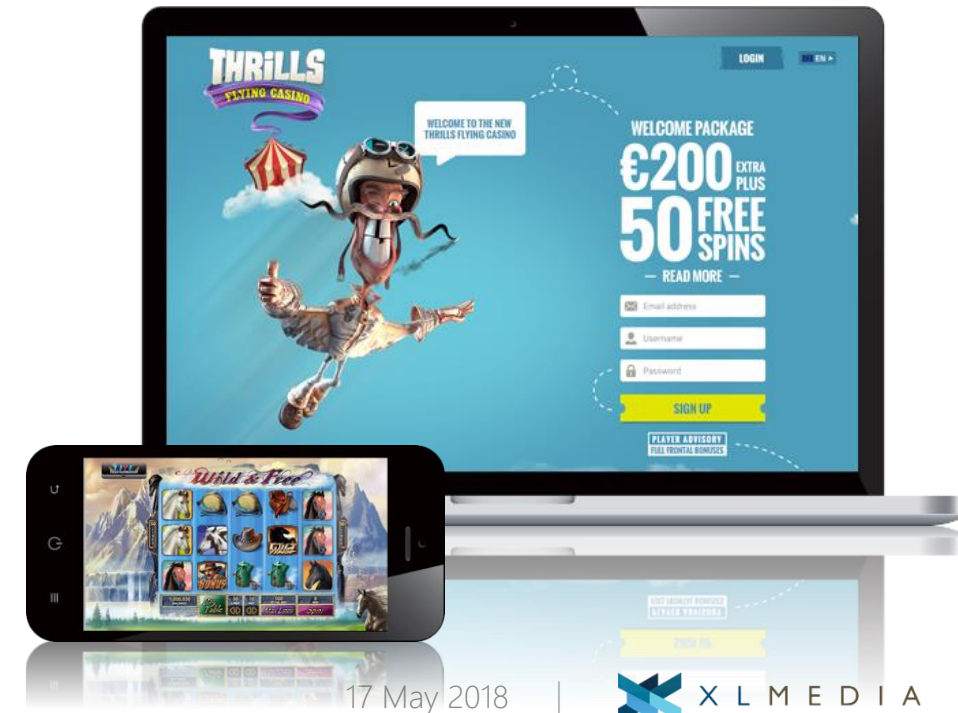
- Enhancing technology to the media business (such as real time bidding, optimisation, analysis) to further drive media efficiency and increase margins
- Entry into social and mobile channels, enabled through EDM and Marmar acquisitions
- Leverage demand for online marketing services within US market

Entry into new markets, channels and verticals

- Current skill set enables group to target additional verticals

Acquisitions

- Ongoing consolidation opportunities in a fragmented market
- We continue to pursue active pipeline of opportunities
- Financial strength and cash balance to support execution of deals



Summary & Outlook

2015: record breaking year

- Significant increase in organic revenues and client base
- Access to new markets and verticals through successful acquisitions
- EDM integration accelerated into the Group
- Acquisition of a majority stake in Marmar Media
- Strong trading reflecting the results of investments made during the past 24 months

Foundations laid for future growth

- Technology investments and staff are in place to support expansion for media as well as continue organic growth in publishing
- Social gaming and app installs represents strong growth opportunities for the coming years
- Strong balance sheet and cash balances to support additional acquisitions
- Business model reinforces management's commitment to 50% dividend payout ratio
- Outlook for 2016 is positive with growth set to continue





Any Questions?

Appendix

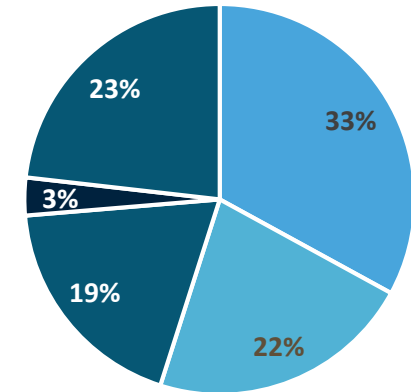
Income statement

Item (Thousands \$)	FY 2015	FY 2014
	<u>Audited</u>	<u>Audited</u>
Revenues	89,219	50,720
Cost of revenues	48,143	23,142
Gross Profit	41,076	27,578
Operating Expenses	18,116	12,979
Operating Profit	22,960	14,599
Total adjusted EBITDA*	28,442	16,982
% Adj. EBITDA	32%	33%
IPO expenses and other income (expenses)	(403)	(590)
Finance income (expenses), net	1,736	(770)
Profit Before Taxes	24,293	13,239
Taxes (from Income)	4,093	1,329
Net Profit	20,200	11,910

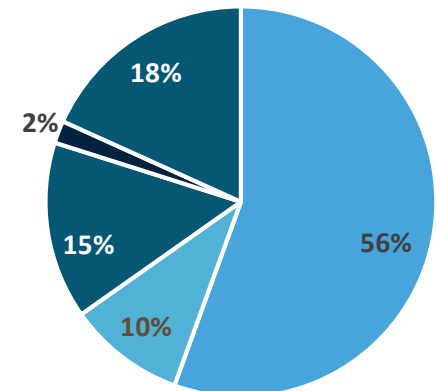
*Earnings before interest, taxes, depreciation, amortization, excluding share based payments and acquisition related expenses.

Ongoing region diversification **

2015



2014



■ Scandinavia ■ North America ■ Other Europe
■ Oceania ■ Other

** region diversification for identified revenues

Cash Flow statement

\$ '000	FY 2015	FY 2014
Operating Activities		
Net Income	20,200	11,910
Depreciation & Amortisation	3,775	1,296
Cost of share based payments	839	1,042
Changes in Working Capital, tax and finance expenses	3,486	2,959
Finance income from financial derivatives	99	(264)
Cash Flow from Operating Activities	28,399	16,943
Investing Activities		
Purchase of property and equipment, net	(644)	(350)
Acquisition of initially consolidated subsidiaries	(4,459)	(9,950)
Acquisition of domains, websites and other intangible assets	(12,326)	(11,528)
Payment of contingent consideration in respect of acquired company	(3,500)	
Financial investments, net	9,925	(15,987)
Cash Flow from Investing Activities	(11,004)	(37,815)
Financing Activities		
Dividend paid to equity holders, and payments related to business combination	(8,017)	(11,755)
Payments of liabilities to former shareholders of acquired subsidiary	(927)	
Dividend paid and transactions with non-controlling interests	(694)	(3,720)
Issue of share capital (net of issue costs)		48,917
Repayment of other liabilities	943	(192)
Cash Flow for Financing Activities	(8,695)	33,250
Currency exchange differences on cash	(310)	(482)
Increase (decrease) in cash and cash equivalents	8,390	11,896
Cash and cash equivalents at the beginning of the period	27,351	15,455
Cash and cash equivalents at the end of the period	35,741	27,351

Balance Sheet 31 December 2015

\$ '000	
Current assets:	
Cash, cash equivalents and short term investments	42,607
Trade receivables	16,088
Other accounts receivable	2,042
Financial derivatives	165
Total current assets	60,902
Non-current assets:	
Long term investments	1,102
Property, plant and equipment	1,190
Goodwill	26,302
Domains and websites	23,897
Intangible assets	4,837
Deferred taxes	256
Other account receivable	332
Total non-current assets	57,916
Total Assets	118,818

Current liabilities:	
Trade payables	11,146
Contingent consideration payable	5,373
Other liabilities and accounts payable	12,151
Total current liabilities	28,670
Non-current liabilities	
Deferred taxes	317
Other liabilities	155
Total Non-current liabilities	472
Equity	
Share premium	64,447
Capital reserves	884
Retained earnings	22,774
Non-controlling interests	1,571
Total equity	89,676
Total Equity & Liabilities	118,818