



XL MEDIA PLC

TECHNOLOGY-DRIVEN PERFORMANCE MARKETING

March 2019

The Team



Ory Weihs, CEO

- One of the founders and leads the Group's business development and strategy
- An entrepreneur who has been deeply involved in the online gambling & digital advertising industries for over 15 years



Yehuda Dahan, CFO

- Joined XLMedia as Group CFO in 2013 leading the Company's Cyprus Headquarters
- Has 15+ years' experience in accounting & finance
- Previously CFO for Barinboim Investment Group

Our Business

- A leading performance marketing and online publishing company
- We attract paying users from multiple online channels and direct them to online businesses in return for performance based payment models
- Main source of revenue generated from a wide network of publishing assets
- Focused on gambling and personal finance
- Cash generative business, high margin activities, supporting a progressive dividend policy

Revenues

\$117.9M

Adj EBITDA

\$43.9M

Dividends in 2018

7 Cent



XLMedia in Numbers

FY 2018 Revenues

\$117.9M

FY 2018 Gross profit

\$67.9M

FY 2018 Adjusted EBITDA

\$43.9M

FY 2018 Net profit

\$20.8M

Cash

\$47.6M

and short term
investments

Customers

300+

Tier 1 Publishing assets

160+

Staff

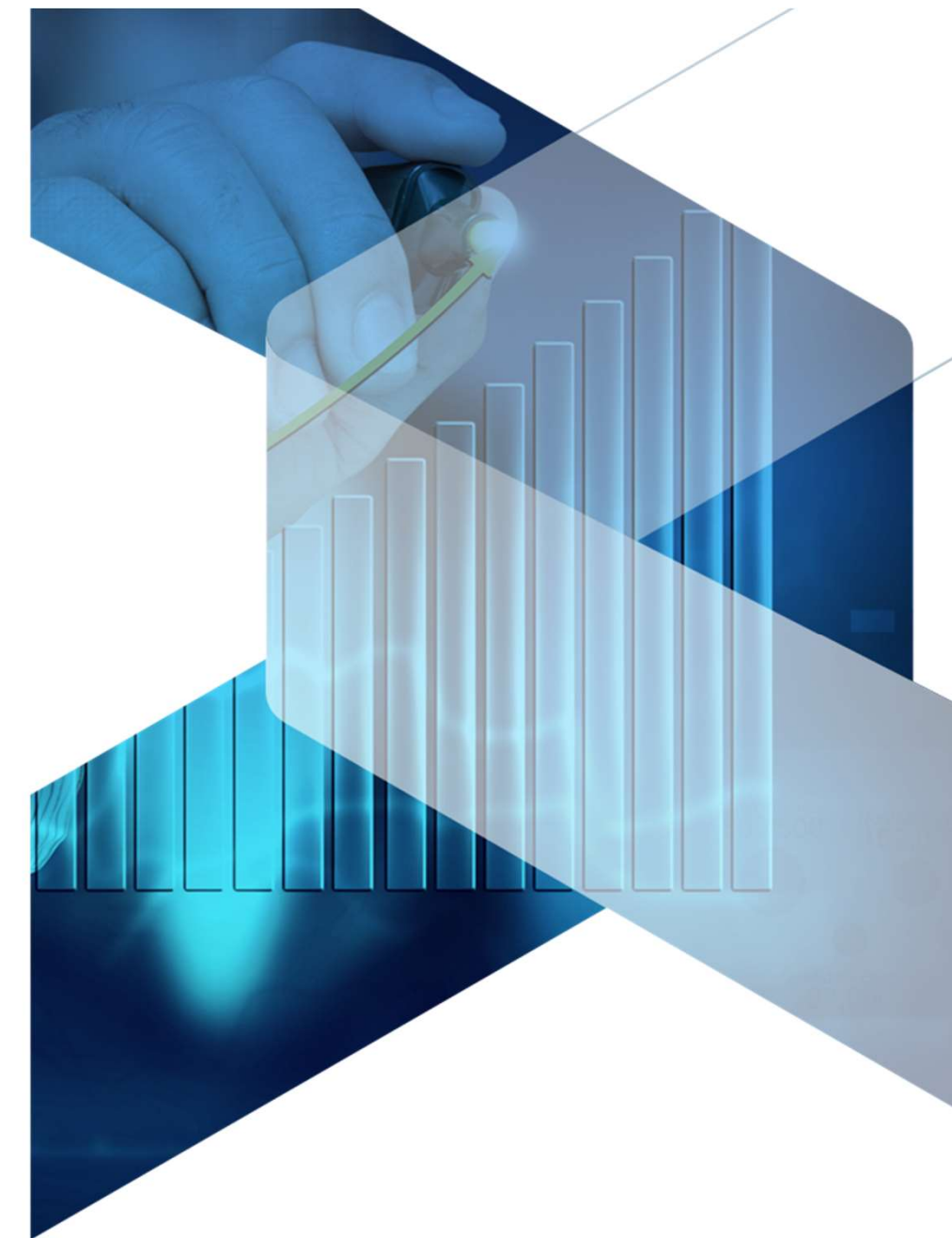
~400

Employees

Operating across

20+

Countries



2018 Overview



Key Highlights

- Announced strategic pivot to focus on higher margin publishing revenues, delivering better quality and more predictable earnings
- Actively reducing certain low margin media activities, ongoing media spend to complement the Group's publishing activities
- Trading for 2019 started in line with management's expectations however, the above shift is expected to reduce 2019 non core revenues by approximately US\$30 million
- The Group's nascent personal finance business continues to grow and has increased its presence in the North American markets, with 6% of overall revenues now derived from this sector (2017: 2%)
- Committed to maintaining a progressive dividend policy and share buyback programme



Gambling Regulatory Summary

North America

- May 2018 - US Supreme Court reserved 1992 federal law prohibiting sports betting outside of Nevada
- Various US States in the process of introducing legislation to regulate the market
- DOJ new legal opinion reversed a 2011 opinion used by several states to allow launch of online gaming and lottery operations

Asia Pacific

- The Group withdrew from the Australian casino & poker market due to introduction of new regulations
- The Asian Gambling market is not a focus

UK

- Sports betting market continues to perform strongly
- Enhanced gambling advertising regulation
- UK regulation will result in higher quality of sustainable earnings going forward
- Increase of remote gambling duty from 15% to 21% to become effective in April 2019 to be monitored
- No impact from implementation of GDPR

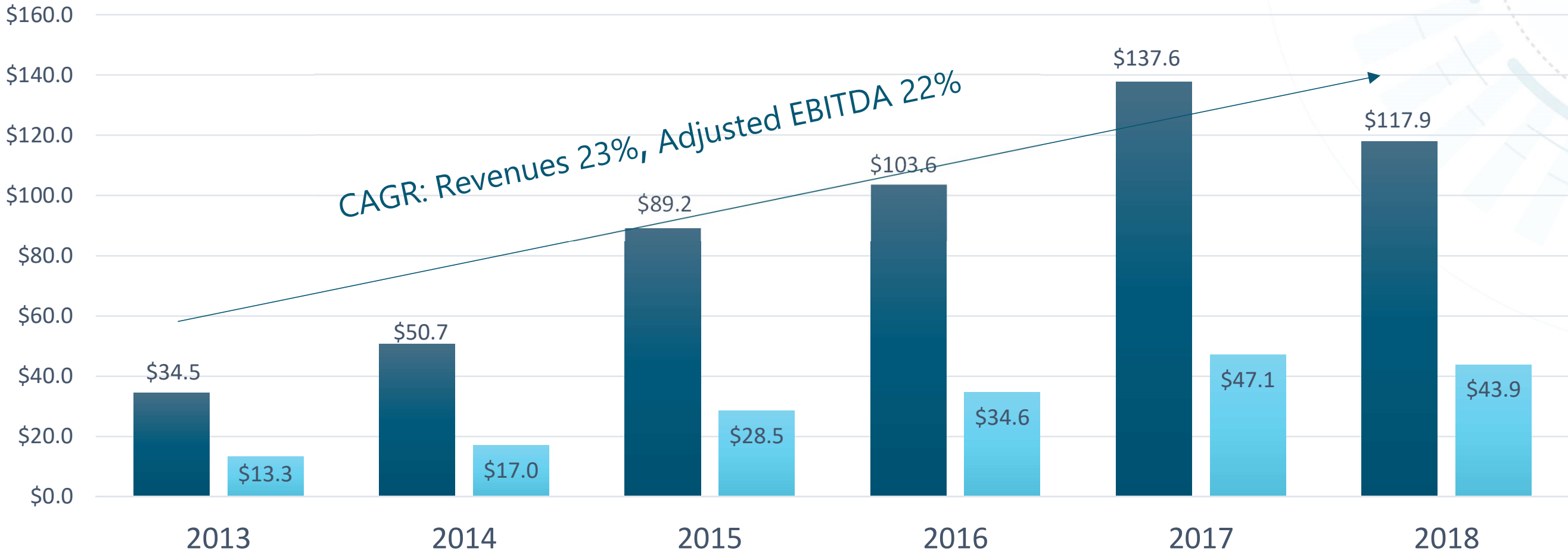
Europe

- Interstate gambling treaty stalemate impacted performance in Germany
- Recent treaty approval will be monitored as the Group plans to invest in growing its asset portfolio in the sports betting sector
- The Swedish market recently introduced supportive regulation
- Ongoing opportunities to expand presence in other European countries which embrace supportive regulation

Financial Results

Investing for Future Growth

Adjusted EBITDA (\$ m)
Revenues (\$ m)



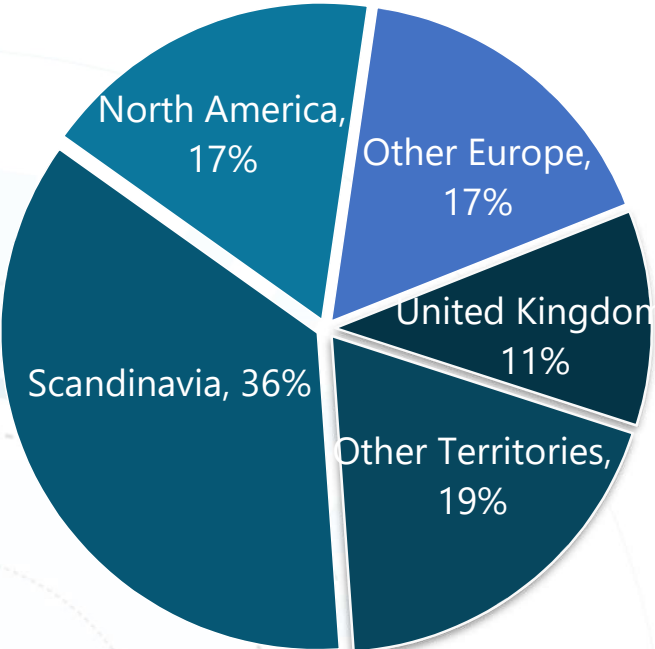
Dividends since IPO (\$ m)

Year	Dividends (\$ m)	Employees	Main focus
2013	8.2	120	expansion in EU & North America
2014	8.0	197	IPO, M&A
2015	12.5	270	Technology, M&A
2016	15.5	327	diversification
2017	14.5	411	continued diversification
2018	-	399	recovery steps, additional revenue sources

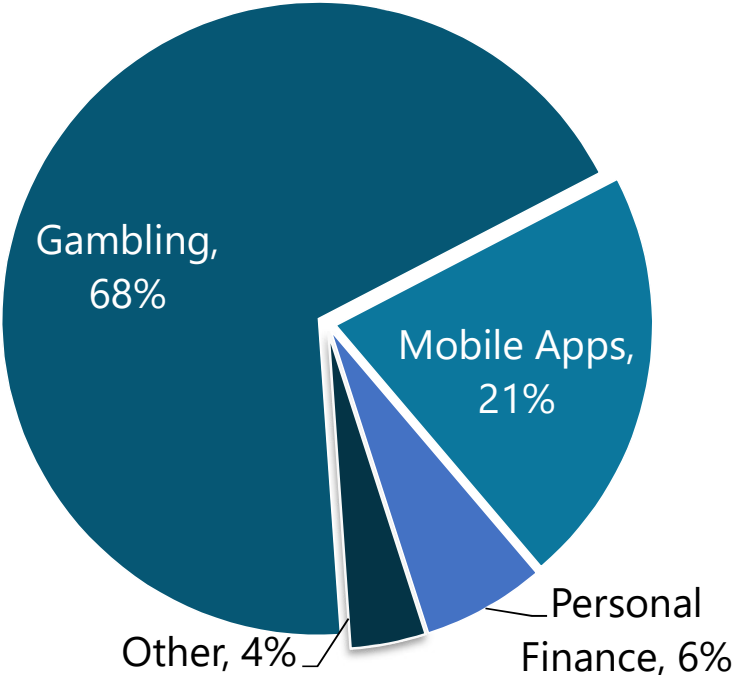


Revenue Diversification

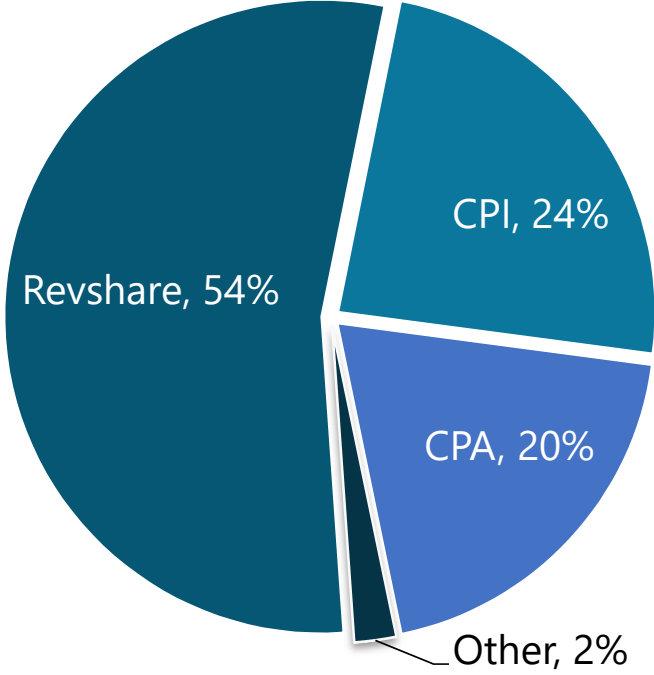
Revenues diversification – Users' Geography



Revenues Diversification – Products



Revenues per Business Model



Income Statement

Item US\$'000	2018	2017
Revenues	117,866	137,632
Cost of revenues	49,922	64,487
Gross profit	67,944	73,145
Operating expenses	32,257	32,376
Operating profit before loss media activity planned reduction	35,687	40,769
Total adjusted EBITDA*	43,857	47,120
% Adjusted EBITDA	37%	34%
Loss from media activity planned reduction	(9,938)	-
Operating profit	25,749	47,120
Finance income (expenses), net	(587)	(1,424)
Profit before taxes	25,162	39,345
Taxes on income	4,387	7,474
Net profit	20,775	31,871
Earnings per share	0.09	0.15

*Earnings before interest, taxes, depreciation, amortization, impairment and excluding share based payments.

Cash Flow Statement

US\$'000	2018	2017
Operating Activities		
Net income	20,775	31,871
Depreciation, amortisation and impairment	6,503	5,932
Cost of share-based payment	1,667	419
Loss from planned media activity reduction	9,938	-
Changes in Working Capital	(1,488)	5,432
Taxes paid, net	(4,987)	(3,849)
Finance (income) expense and exchange differences on cash	(623)	1,268
Net cash provided by operating activities	31,785	41,073
Investing Activities		
Purchase of property and equipment	(553)	(388)
Payment for acquired business	-	(5,100)
Acquisition of domains, websites, technology	(55,516)	(16,160)
Financial investments, net	2,005	(1,295)
Net cash used in investing activities	(54,064)	(22,943)

	2018	2017
Financing Activities		
Dividend paid to equity holders of the Company	(14,362)	(15,505)
Share capital issuance	42,618	-
Acquisition of treasury shares	(468)	-
Acquisition of non-controlling interests	-	(2,250)
Repayment of Bank loan	(4,000)	-
Dividend paid to non-controlling interests	(1,285)	(1,804)
Exercise of options	976	1,205
Receipt of long-term loan from bank	5,965	5,000
Net cash used in financing activities	29,444	(13,354)
Cash and short term investments at the end of the period	47,623	43,277

Balance Sheet 31 December 2018

US\$'000	2018	2017
Current assets:		
Cash and short term investments	47,623	43,277
Trade receivables	16,112	18,950
Other accounts receivable	4,697	4,665
Financial derivatives	805	200
Total current assets	69,237	67,092
Non current assets		
Long term investments	633	681
Goodwill	23,652	30,052
Intangible assets	101,199	54,347
Deferred taxes	99	862
Other assets	435	244
Property and equipment	1,296	1,230
Total non-current assets	127,314	87,416
Total assets	196,551	154,508

	2018	2017
Current liabilities		
Trade payables	6,416	9,813
Current maturity of long-term bank loan	5,585	2,500
Financial derivatives	91	1,425
Other liabilities and accounts payable	16,016	19,545
Total current liabilities	28,108	33,283
Non-current liabilities		
Long-term bank loan	1,380	2,500
Taxes	-	1,825
Other liabilities	248	243
Total non-current liabilities	1,628	4,568
Equity		
Share premium	112,224	68,417
Capital reserves	145	(1,218)
Treasury shares	(468)	-
Retained earnings	54,623	49,167
Non-controlling interests	291	291
Total equity	166,815	116,657
Total equity and liabilities	196,551	154,508

Growth Strategy



Key Growth Initiatives

Focus on publishing

Strengthen focus on publishing activities as a core profit driver with an emphasis on gambling and personal finance

Reshape media

Actively reducing certain low margin media activities whilst complementing publishing activities with media skillset

Grow Personal Finance

Continue to develop Personal Finance market presence

Expand in U.S

To further expand XLMedia's footprint in the nascent U.S gambling sector which offer significant growth potential

Investment & M&A

Ongoing investment in technology and whilst continuing to evaluate selective earnings accretive acquisitions

Focus on Publishing Expertise

- Increase investment and activity across higher margin Publishing activities
- Leverage gambling expertise in gambling to increase footprint in existing territories in Publishing division, including across Scandinavia and other European regions
- Continue to build portfolio and reputation in the Personal Finance sector across North America including adding offerings such as loans, insurance and more banking products
- Develop assets to capitalize on the U.S gambling market
- Management committed to material Publishing investment in internal network development plan of at least US\$7 million in total over the next three years



CASINO.SE
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 investorjunkie

 DoughRoller

**money
under
30**

greedyrate

WhichBingo

FREEBETS.COM

 XL MEDIA

Reducing Exposure to Media Activities

- Proactive decision to materially reduce Media activities which generate lower profit margins and unstable revenues in non-core products
- Decision driven by changes to media landscape in some non-core products
- Media activity will complement XLMedia's existing Publishing activities and the group will not focus on products advertised only via media



Expand The Personal Finance Sector

- Personal finance business continues to grow and has increased its presence in the North American markets
 - 6% of overall revenues now derived from this sector (2017: 2%)
- Committed to expanding US operations - adding scale to grow our publishing assets
- Recent acquisitions added - cross-sales opportunities between these assets.
- Actively pursuing further growth opportunities



US Gambling Opportunity

Our plan for the US gambling market

- XLMedia actively investing in building and developing a more comprehensive portfolio of publishing assets as part of the recently announced plan
- The group still will be looking for strategic acquisitions in the region but generally focused on building assets
- We will be developing assets targeting both specific products (sports betting, casino, poker) and specific regions (states) as well as more general ones.
- XLMedia has committed to spend \$7MIL over the course of 3 years mainly targeting the US gambling market

M&A

Completed a number of publishing acquisitions totalling \$46m, including:

- Leading Finnish gaming assets for \$18m
- A UK Bingo comparison site - WhichBingo.co.uk - for \$10.5m
- A US personal finance website - investorjunkie.com - for \$5.8m
- A network of US and Canadian personal finance assets



Strong balance sheet and cash flow supports ongoing investment publishing activities alongside exploring opportunities to acquire publishing assets



Summary & Outlook

- Proactive exit from low margin media activities to focus on higher margin publishing business, management focused on the long term targets
- Short-term financial impact but the Board is confident these steps will deliver higher profit margins and a much higher quality of sustainable earnings in long term
- Seeking to create a broader base of assets in its core verticals of personal finance and gambling
- Ongoing investment in optimising existing assets and developing new assets organically while adopting an opportunist approach to M&A in key markets and verticals
- Trading remains on budget with management maintaining progressive dividend policy and share buyback programme





Thank You

Any Questions?

The Future of Online Marketing

Growth of Internet advertising revenues

- Worldwide digital ad spending will reach \$223.74 billion in 2017, representing 38.3% of total paid media outlays. This format is expected to see double-digit growth through at least 2020
- Global advertising expenditure in social media will grow 72% between 2016 and 2019, rising from US\$29bn to US\$50bn

Online gambling and social gaming market

- Demand for social games continues to grow, expected CAGR of 14.96% for 2014-2019
- The global online gambling market is expected to grow at a CAGR of over 9% to exceed \$60 billion by 2020

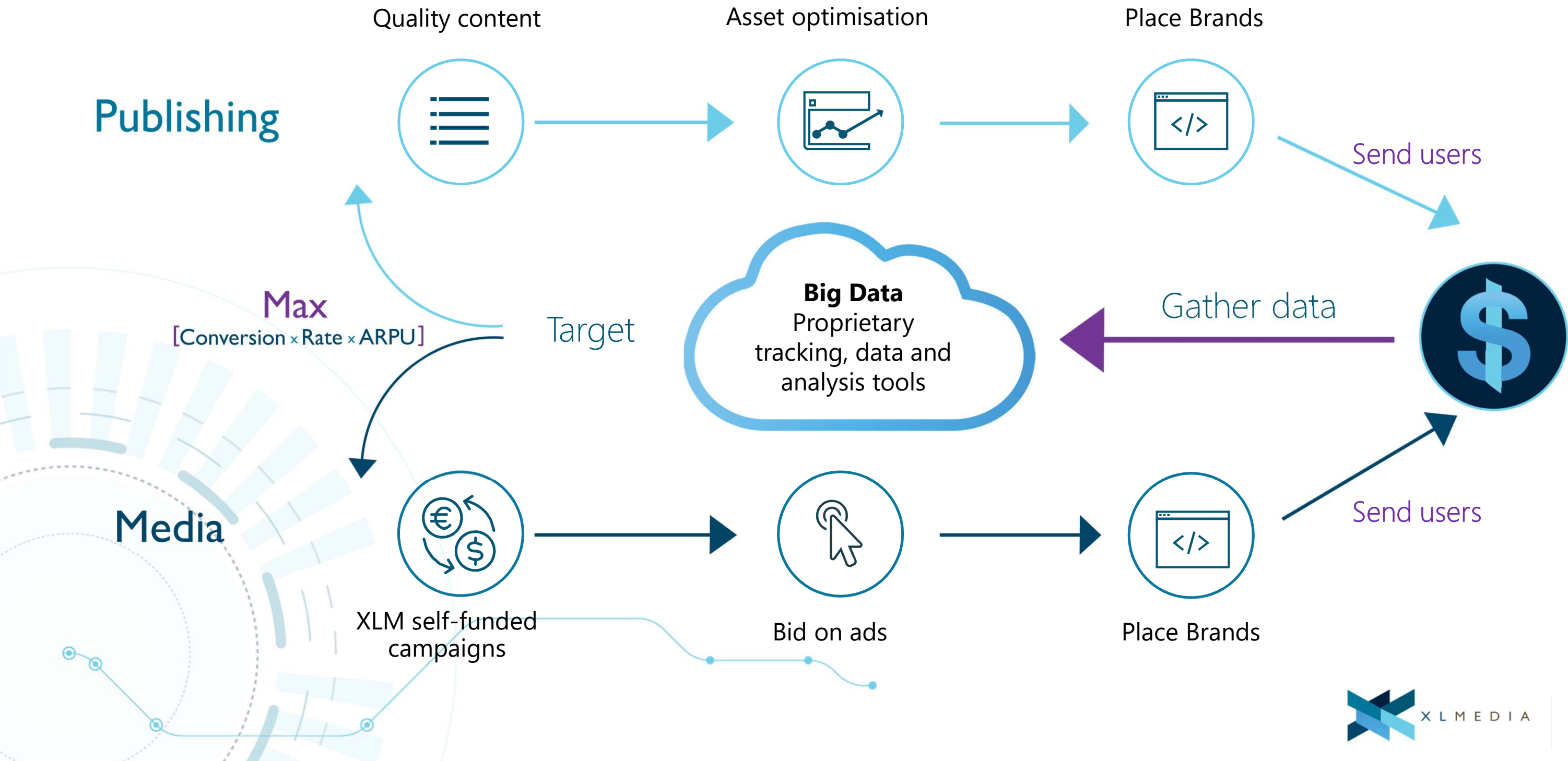
Financial services market

- The credit card and payment card markets continue to grow with proportion of revenue attributed as digital sales revenue in banking expected to increase from 21% in 2015 to 46% in 2020



Sources:
H2 Gambling Capital, eMarketer, Gartner,
ZenithOptimedia, Technavio, IAB

Optimization Cycle



Experienced Senior Leadership

LIAT HELLMAN CFO (ISRAEL)



- Over 20 years' experience in publicly traded companies
- Serves as CFO (Israel) of the company since its inception and is responsible for financial infrastructure

MICHAL BADHAV GENERAL COUNSEL



- Over 20 years of global experience in senior executive legal positions at public and private technology companies
- Served as Deputy General Counsel at Amdocs in the US and Israel and as General Counsel at Risco Group

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 Director at Rank Group plc and Spirit plc and a member of the Responsible Gambling Strategy board

YEHUDA DAHAN GROUP CFO & DIRECTOR



- Over 15 years' experience in accounting and finance
- Previously CFO for Barinboim Investment Group

ORY WEIHS FOUNDER & GROUP CEO



- Entrepreneur with 15 years' experience in performance-based marketing
- Currently focused on business development and strategy
- CEO of the company since inception



INBAL LAVI CEO (ISRAEL)

- 14 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 December 2011 to January 2014

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