



XL MEDIA | September 2016

Technology based

PERFORMANCE MARKETING

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OVERVIEW

Online performance marketing company

- We attract paying users from multiple online & mobile channels and direct them to online businesses
- A performance based business model

Strong profitable growth

- Consistent track record of profitable growth and cash generation
- Strong performance from acquisitions adding skills and client base in additional verticals
- Highly cash generative, progressive dividend policy of 50% pay out

Significant market opportunities

- Demand for digital marketing accelerating
- Performance models are preferred by advertisers
- Social gaming and real money online gambling continue strong growth
- Potential to target additional territories

Investing in growth

- Ongoing R&D has strengthened the Group's in house operations and enhanced our analytics capabilities
- Strong H1 2016 reflecting the results of investments made over the past 24 months

H1 2016 performance

\$51.2M

Revenues

\$17.7M

Adj EBITDA



CAGR (2009-2015)

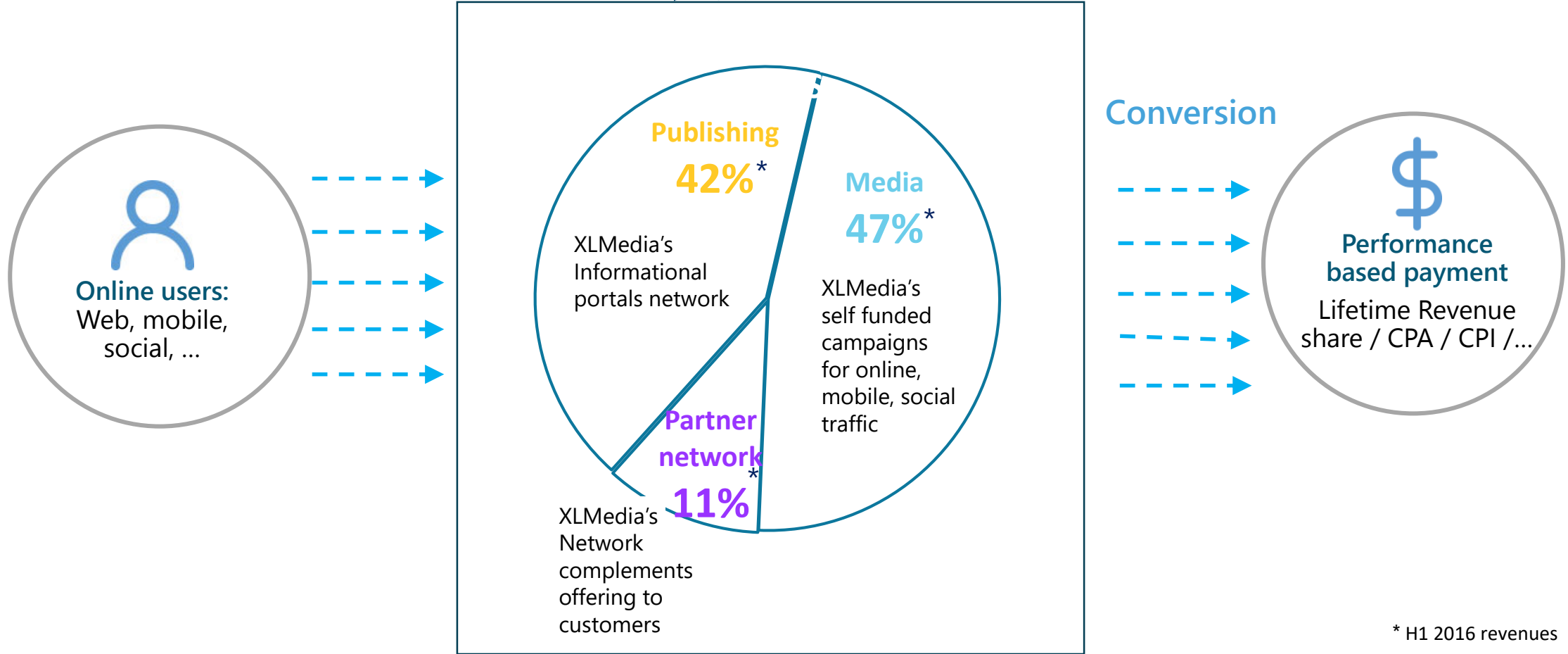
55%

Revenues CAGR;

53%

EBITDA CAGR

OUR BUSINESS MODEL



* H1 2016 revenues

DIGITAL ADVERTISING

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



Advertisers examples:

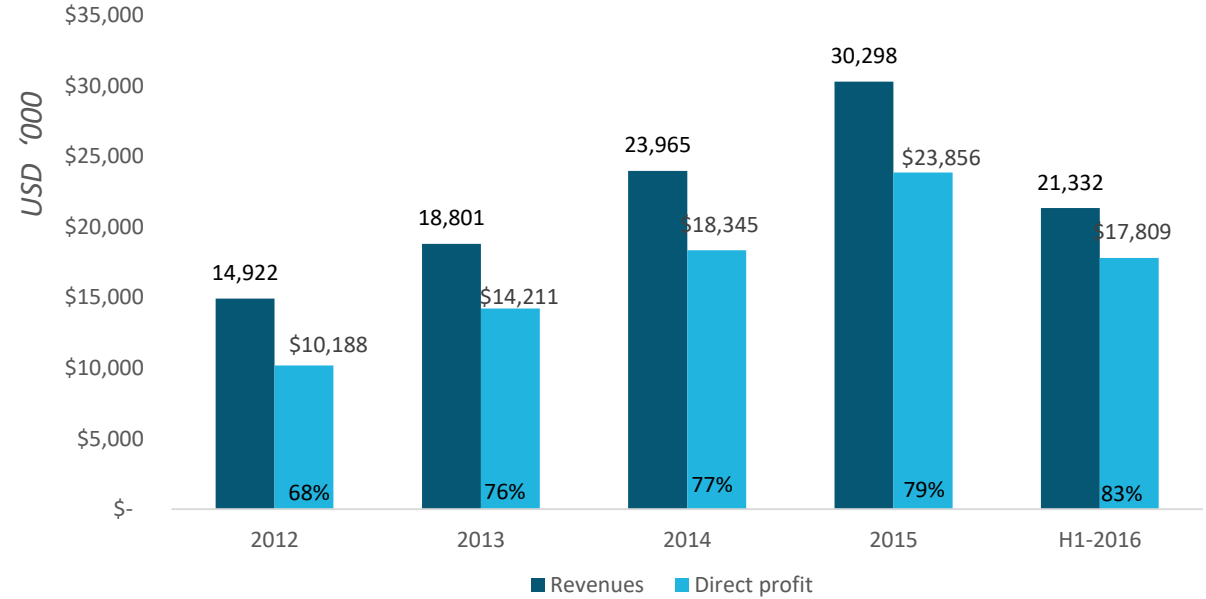
- Coca Cola
- Booking.com
- Gaming operators: Will Hill, 888, bet365....
- Ad agencies, affiliates, marketing, partners
- **XLMedia – Media division**

Publishers examples:

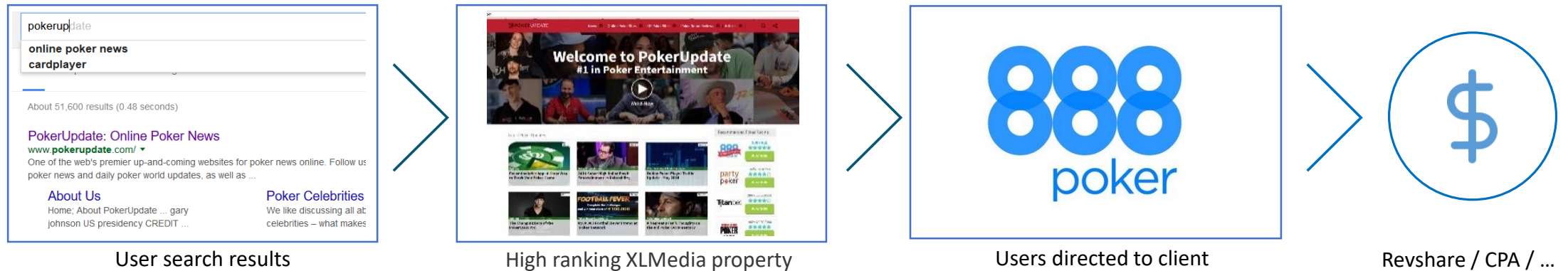
- The Telegraph / BBC / Sky / other news websites
- Google / Facebook /
- Best cooking recipes
- Informational websites in the gaming field such as "How to play blackjack" / odds comparison websites /
- **XLMedia – Publishing division**

PUBLISHING

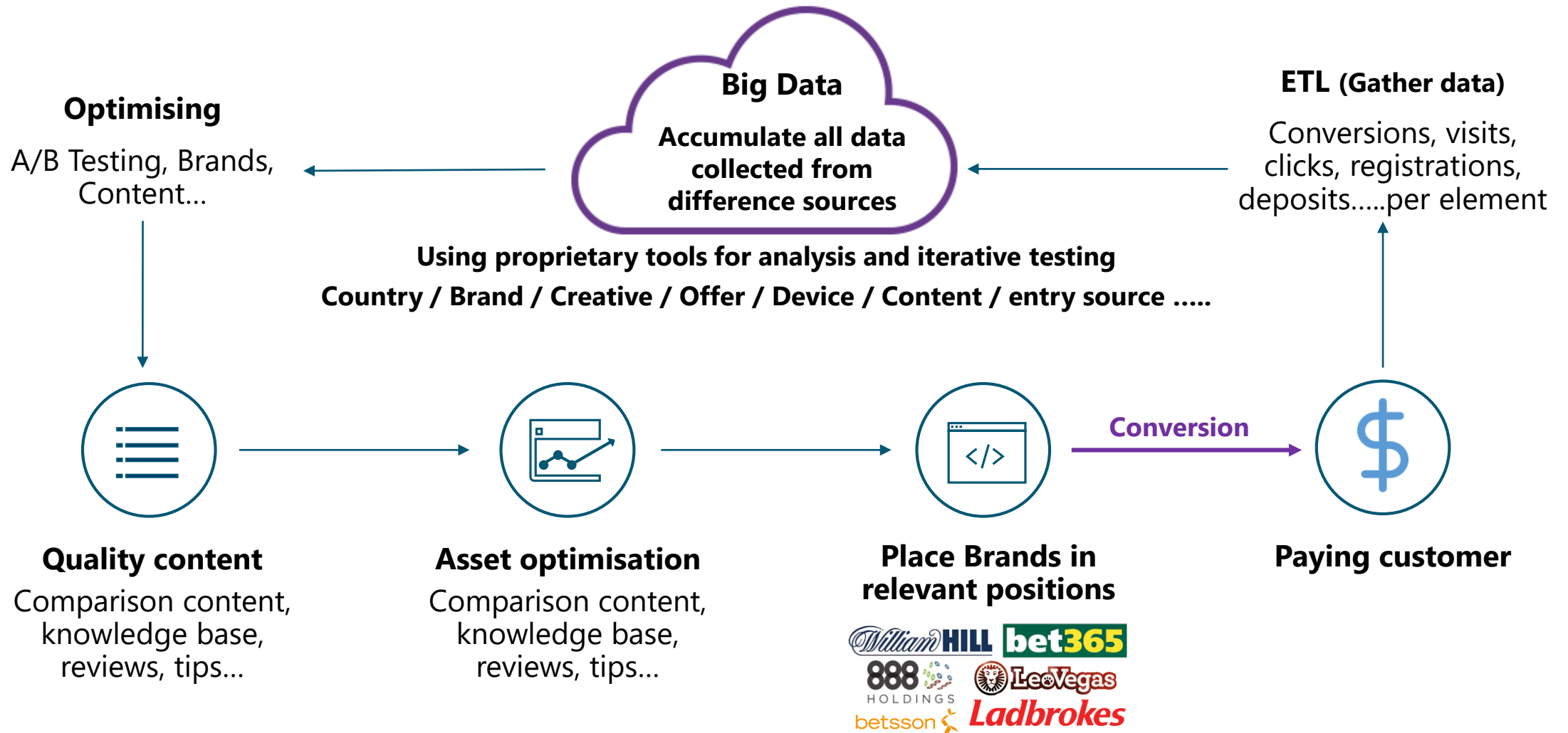
- XLMedia owns a network of informational websites, mobile sites and apps
- Over 2,000 websites in 18 languages
- Informational websites refer potential customers to web and mobile online businesses
- Recent acquisitions include a group of UK mobile focused websites and sports betting content websites
- Launched "Palcon", a proprietary content management system for centralised management of websites



Example users' journey:



PUBLISHING – OPTIMIZATION CYCLE



WEBSITE RANKING WORLDWIDE

In key territories, Jan 2016

Scandinavia



In the top three positions for 10%-25% of most casino related keywords
On the first search page for 30%-50% of most casino related keywords

UK



Two websites ranked in the top three for most common gambling market keywords
Ranked in the first mobile search result page for >75% of most searched casino related keywords

Other Europe



Ranked in the top three for 12%-20% of most casino related keywords
On the first search result page for 30%-50% of most common casino related keywords

ORGANIC GROWTH AND ASSET ACQUISITIONS

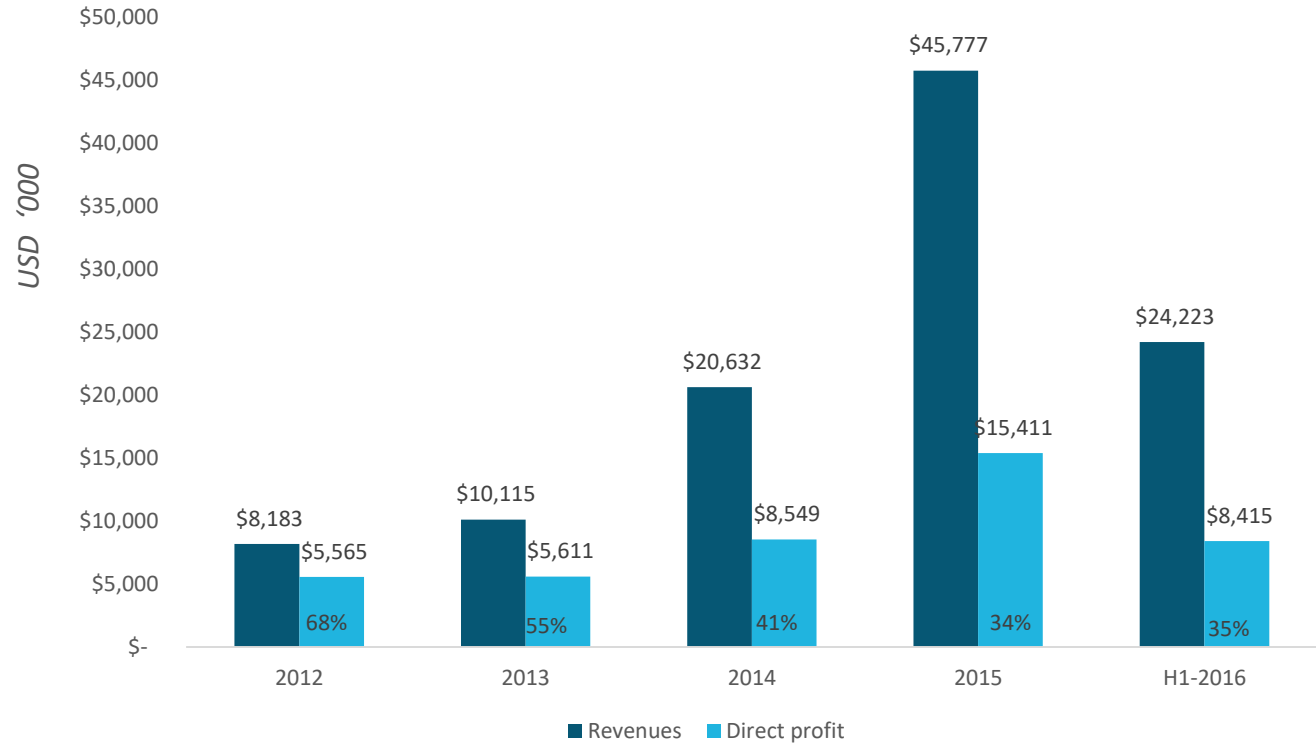
- Publishing segment enjoys benefits of scale where we can identify targets for acquisition and then improve performance using our know how, trained staff, technology infrastructure, content writers and strategy, etc.
- These all demonstrate the benefits of scale with reduced marginal cost per additional assets which drives ROI

Change in revenues by Dec 2015

March 2015	Group of websites targeted at mobile U.K. casino traffic	70% increase in revenue since acquired
September 2014	Website for sport betting content in Finland	40% increase in revenue since acquired
June 2014	A 'bolt on' website for a casino in Norway	170% increase in revenue since acquired
July 2013	A small network of casino related websites in Scandinavia	40% increase in revenue since acquired

MEDIA

- XLMedia acts as an advertiser running thousands of simultaneous self-funded campaigns, in different verticals
- Our customers pay based on performance
- XL deploys proprietary technology to manage media campaigns



Example users' journey:



Users browse web/mobile/social/...



XLMedia posts ads

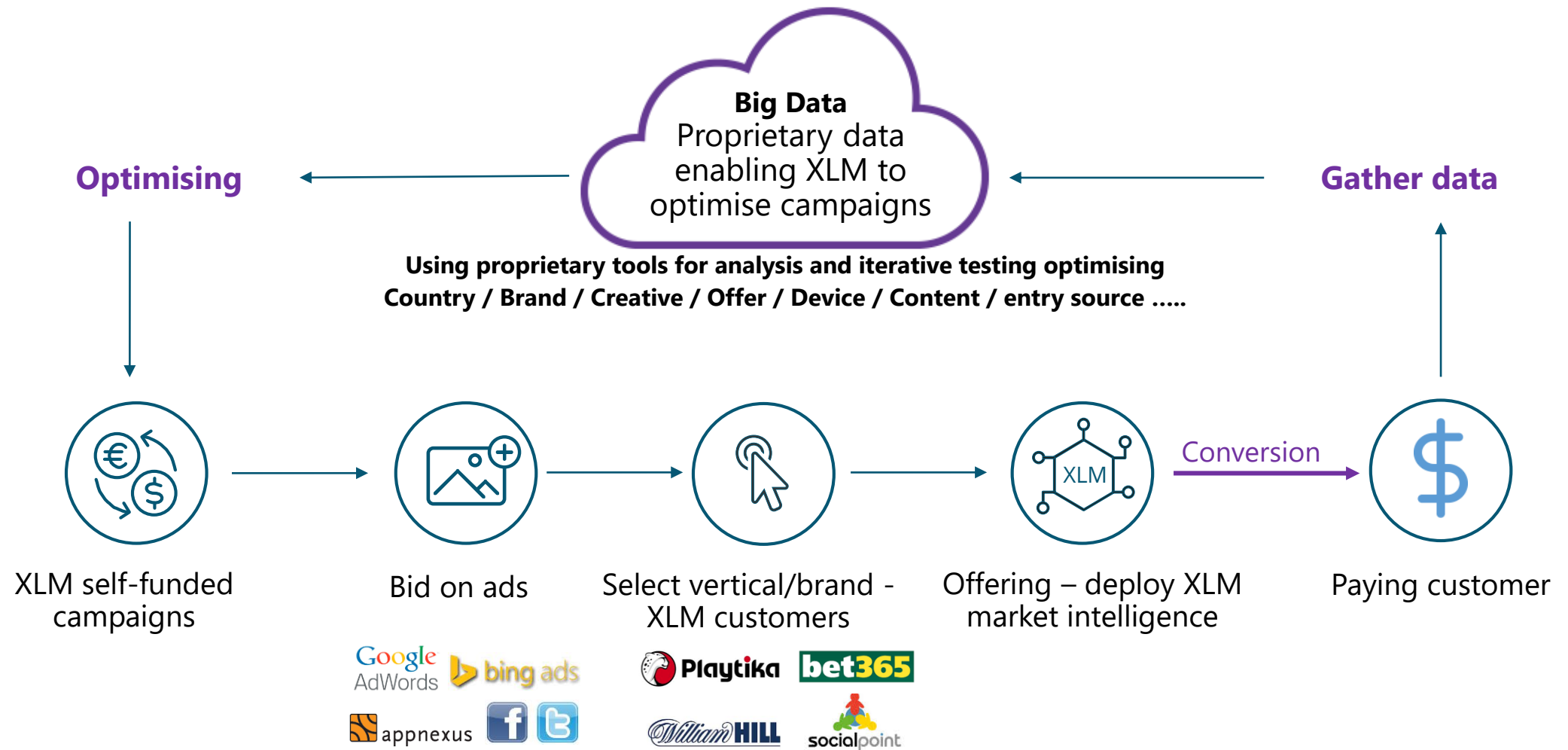


Users directed to client



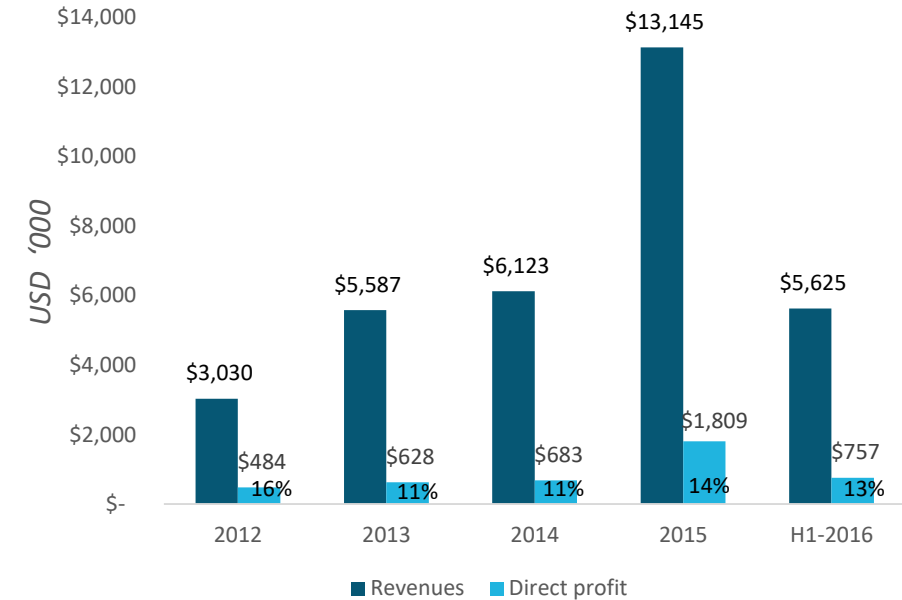
Revshare / CPA / CPI ...

MEDIA – OPTIMIZATION CYCLE



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



OUR TECHNOLOGY



Palcon
Content management system



Tracking Solutions



Pheonix
Operational platform



Rampix
Social management system



Business Intelligence
Centralized DWH with BI analysis tools

We rely on our in-house systems to optimize and operate thousands of campaigns in an efficient and effective way

- A consolidated management system across all websites, enabling fast and dynamic integration and deployment of new features and widgets
- Centralized management allowing XLMedia to leverage both efficiencies and cost savings
- Track the sales funnel from different sources on Company websites and paid media campaigns
- Enables optimization of media campaigns at the segment level, as well as website yield management
- All Group entities and processes are managed in one place for enhanced efficiency
- Ability to support unique processes and needs
- All Group entities and processes are managed in one place for enhanced efficiency
- Ability to support unique processes and needs; awarded 'Facebook Marketing Partner'
- Centralized management of Facebook campaigns, leveraging on Company's methodologies
- Unique targeting methodologies and dashboards

CASE STUDY – PALCON

The Platform

- Palcon is our content management system
- It allows for the central management of our websites using leading edge technology, advanced widgets, mobile features, easy A/B testing and additional elements
- Improves visitor experiences as well as the ongoing operation of the website

The Metric

- A key performance indicator of user engagement is the click-out ratio per session for mobile users
- Click-out ratio indicates how many of the visits end with a click out to one of our customers

Significant Improvement of Users' Engagement on Mobile Devices



87% improvement for the major asset following migration to Palcon



17% improvement for largest assets following migration to Palcon



18% improvement for largest asset following migration to Palcon



Average of 6% improvement over 3 sites migrated to Palcon



Average of 10% improvement over 3 sites migrated to Palcon

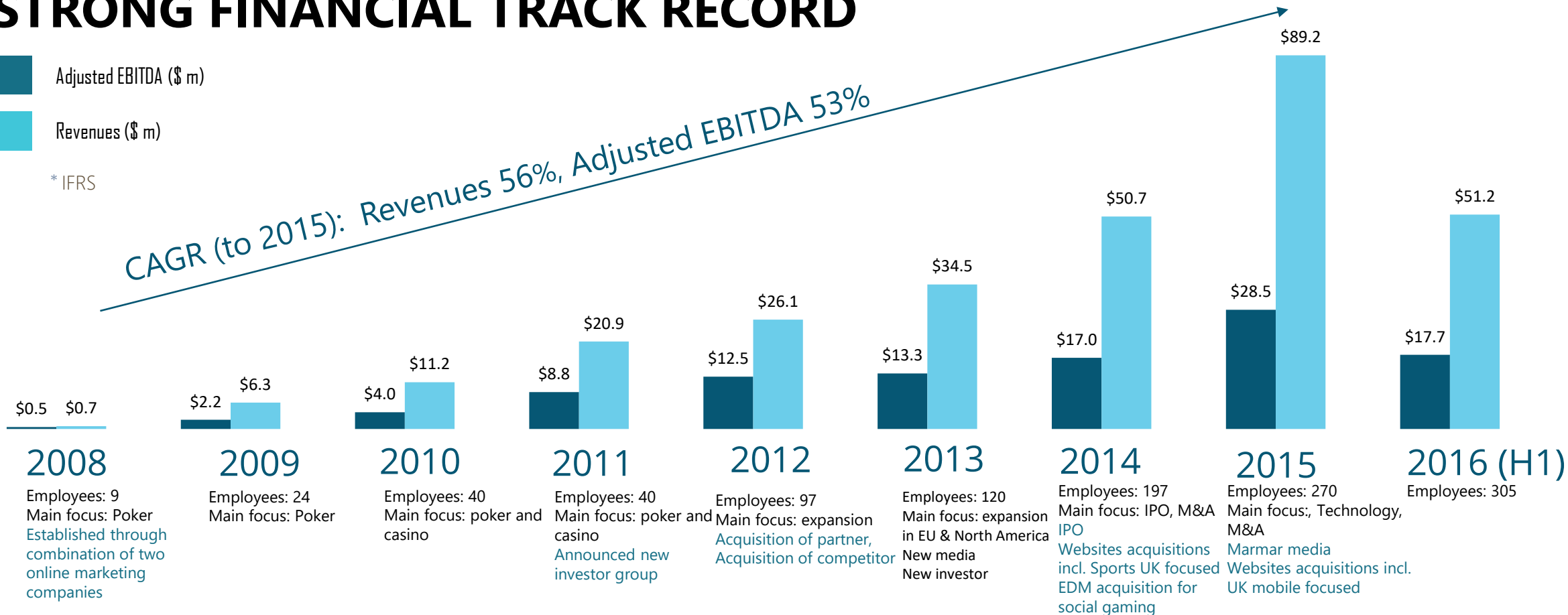
STRONG FINANCIAL TRACK RECORD

Adjusted EBITDA (\$ m)

Revenues (\$ m)

* IFRS

CAGR (to 2015): Revenues 56%, Adjusted EBITDA 53%



2008

Employees: 9
Main focus: Poker
Established through combination of two online marketing companies

2009

Employees: 24
Main focus: Poker

2010

Employees: 40
Main focus: poker and casino

2011

Employees: 40
Main focus: poker and casino
Announced new investor group

2012

Employees: 97
Main focus: expansion
Acquisition of partner, Acquisition of competitor

2013

Employees: 120
Main focus: expansion in EU & North America
New media
New investor

2014

Employees: 197
Main focus: IPO, M&A
IPO
Websites acquisitions incl. Sports UK focused
EDM acquisition for social gaming

2015

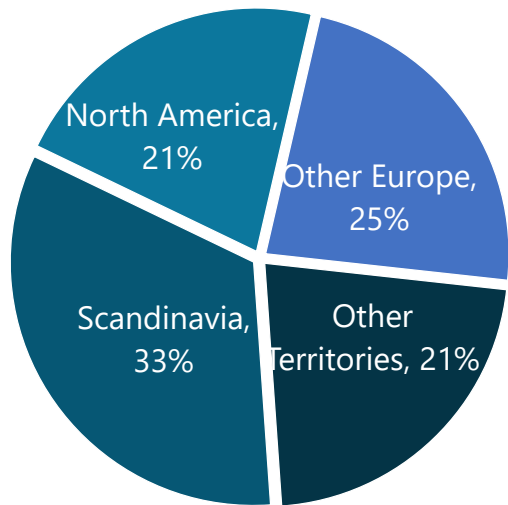
Employees: 270
Main focus: Technology, M&A
Marmar media
Websites acquisitions incl. UK mobile focused

2016 (H1)

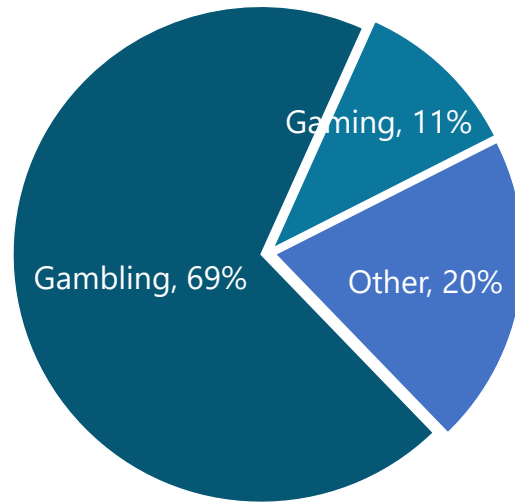
Employees: 305

REVENUES DIVERSIFICATION – H1 2016

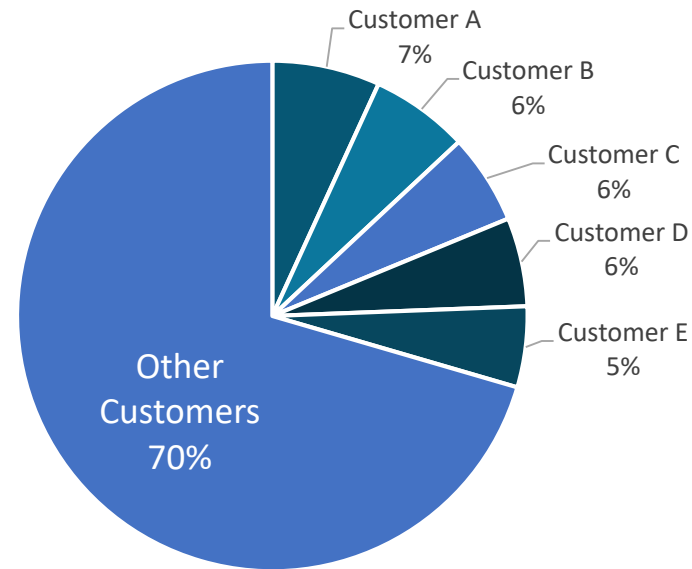
Revenues diversification – users' geography¹



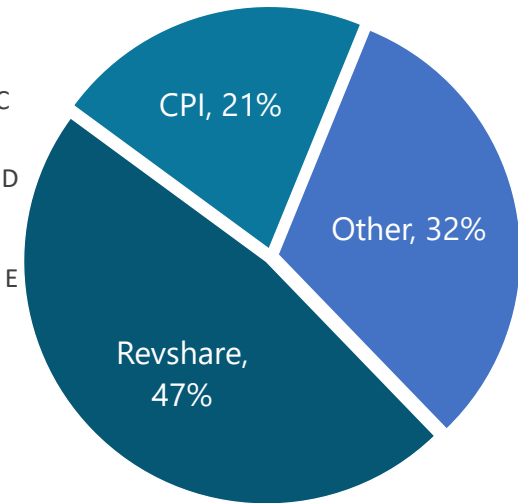
Revenues diversification – products



Revenues diversification – customers



Revenues Per business model



1. "Other territories" include unidentified revenues



THE FUTURE OF ONLINE MARKETING

Mobile and tablet advertising growth

- Mobile advertising is expected to grow by an average of 38% a year between 2014 and 2017
- Mobile ad spend projected to account for 51% of all new advertising between 2014 and 2017, growing by \$42 billion

Online gambling and social gaming market

- 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
- The online gambling market expanded from \$21bn to \$35bn in gross win from 2008 to 2014 (9.2% CAGR) and is expected to expand to \$51bn by 2018 (9.5% CAGR from 2014)

Growth of Internet advertising revenues

- Global online advertising spend increased from \$52bn to \$147bn between 2007 and 2014 (16.0% CAGR), and is expected to expand to \$322bn by 2020 (13.9% CAGR from 2014)
- Social online advertising spend is the second fastest growing sub-sector – Saw an increase in online advertising spend from \$0.6bn in 2007 to \$22bn in 2014 (65.5% CAGR) and is expected to increase to \$93.2bn in 2020 (27.2% CAGR from 2014)

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

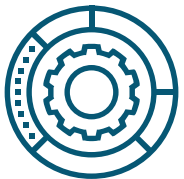


GROWTH STRATEGY



Continue to expand the Group's operational reach into new geographies and verticals

- Current skill set enables Group to target additional verticals
- Media: Leverage demand for online marketing services within US market
- Publishing: Continue to grow market share in current territories and newer territories such as UK, Canada, Austria, Germany, Switzerland, Greece, Denmark



Continue developing our technology infrastructure to accelerate organic growth and further enhances XLMedia's reputation and competitive edge

- We continue to increase our investment in technology
- R&D team now has over 50 staff and continues to grow



Execute acquisitions which both strengthen and expand the Group's operational footprint

- 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

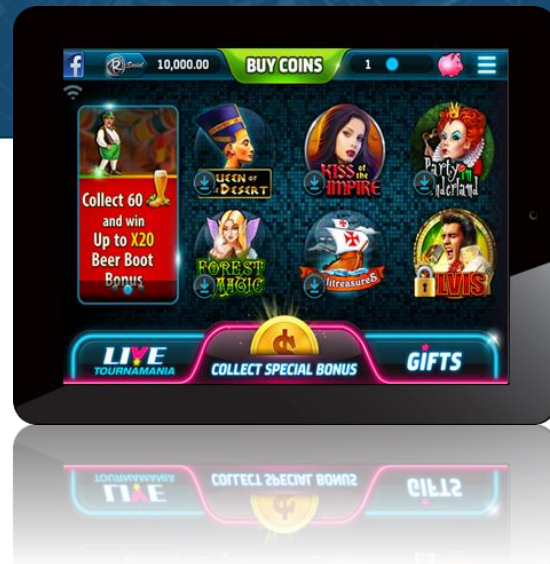
SUMMARY AND OUTLOOK

H1 2016: Technology progress

- Continued development of in-house systems
- Awarded Facebook Marketing partner for technology
- Strong trading reflecting the results of investments made over the past 24 months
- Established a new US subsidiary, focused to rapidly increase our business in mobile apps and additional non-gambling verticals

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 continued profitability



Any Questions?



Appendix

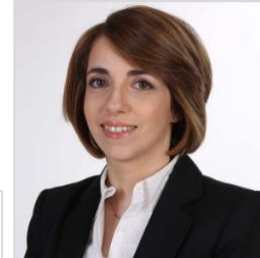
EXPERIENCED SENIOR LEADERSHIP

INBAL LAVI CEO (ISRAEL)

- 12 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

ORY WEIHS GROUP CEO

- Entrepreneur with 13 years' experience in performance-based marketing
- Currently focused on business development and strategy
- CEO of the company since inception



YEHUDA DAHAN GROUP CFO

- Over 14 years' experience in accounting and finance
- Previously CFO for Barinboim Investment Group and Head Controller of Milomor Group

LIAT HELLMAN CFO (ISRAEL)

- Over 18 years' experience in publicly traded companies
- Served as CFO (Israel) of the company since its inception and is responsible for financial infrastructure

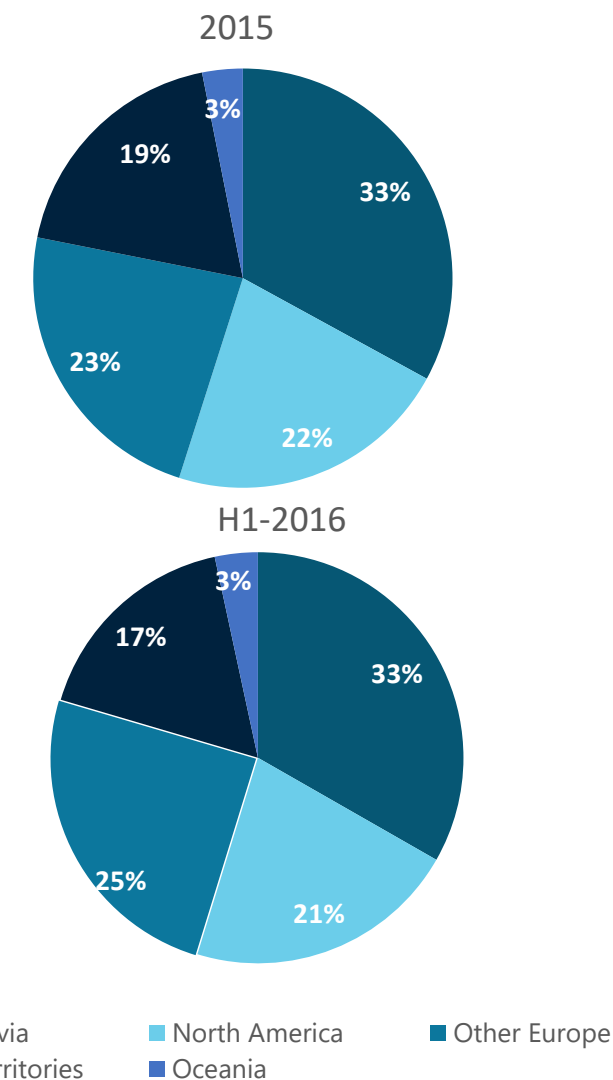
CHRIS BELL NON-EXECUTIVE CHAIRMAN

- 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

INCOME STATEMENT

Item (Thousands \$)	H1 2016	FY 2015
	<u>Unaudited</u>	<u>Audited</u>
Revenues	51,180	89,219
Cost of revenues	24,199	48,143
Gross Profit	26,981	41,076
Operating Expenses	11,203	18,116
Operating Profit	15,778	22,960
Total adjusted EBITDA*	17,672	28,442
% Adj. EBITDA	35%	32%
IPO expenses and other income (expenses)	0	(403)
Finance income (expenses), net	51	1,736
Profit Before Taxes	15,829	24,293
Taxes (from Income)	2,268	4,093
Net Profit	13,561	20,200

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



CASH FLOW STATEMENT

\$ '000	H1 2016	FY 2015
Operating Activities		
Net Income	13,561	20,200
Depreciation & Amortisation	1,511	3,775
Cost of share based payments	472	839
Changes in Working Capital, tax and finance expenses	(3,939)	3,486
Finance income from financial derivatives	(245)	99
Cash Flow from Operating Activities	11,360	28,399
Investing Activities		
Purchase of property and equipment, net	(301)	(644)
Acquisition of initially consolidated subsidiaries and contingent consideration payments in respect of acquired companies	(2,000)	(7,959)
Acquisition of domains, websites, technology and other intangible assets	(3,765)	(12,326)
Financial investments, net	(13,211)	9,925
Cash Flow from Investing Activities	(19,277)	(11,004)
Financing Activities		
Dividend paid to equity holders, and payments related to business combination	(4,828)	(8,017)
Payments of liabilities to former shareholders of acquired subsidiary	0	(927)
Dividend paid and transactions with non-controlling interests	(384)	(694)
Proceeds from exercise of options	259	943
Cash Flow for Financing Activities	(4,953)	(8,695)
Currency exchange differences on cash	(201)	(310)
Increase (decrease) in cash and cash equivalents	(13,071)	8,390
Cash and cash equivalents at the beginning of the period	35,741	27,351
Cash and cash equivalents at the end of the period	22,670	35,741

BALANCE SHEET 30 June 2016

\$ '000

Current assets:

Cash, cash equivalents and short term investments	42,909
Trade receivables	15,715
Other accounts receivable	2,126
Financial derivatives	414
Total current assets	61,164

Non-current assets:

Long term investments	1,097
Property, plant and equipment	1,286
Goodwill	26,302
Domains and websites	25,500
Intangible assets	5,809
Deferred taxes	129
Other account receivable	276
Total non-current assets	60,399

Total Assets 121,563

Current liabilities:

Trade payables	8,960
Contingent consideration payable	3,597
Other liabilities and accounts payable	9,681
Total current liabilities	22,238

Non-current liabilities

Deferred taxes	317
Other liabilities	252
Total Non-current liabilities	569

Equity

Share premium	64,995
Capital reserves	1,067
Retained earnings	30,556
Non-controlling interests	2,138
Total equity	98,756

Total Equity & Liabilities 121,563