



XL MEDIA PLC

TECHNOLOGY-DRIVEN  
**PERFORMANCE MARKETING**

September 2018

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# OVERVIEW

- A leading online performance marketing company
- Attracting paying users from multiple online & mobile channels and directing them to online businesses in return for performance based payment models
- Strong track record of profitable growth and cash generation
- Successful entry into personal finance sector
- Significant market opportunities



## H1 2018 Performance

\$59.1 M  
Revenues

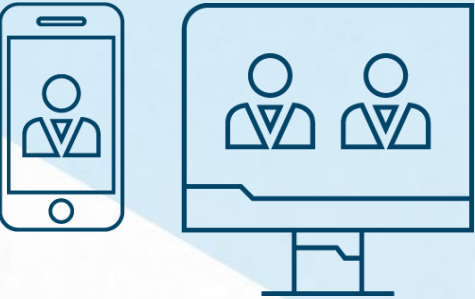
\$20.9 M  
Adj EBITDA

\$16.8 M  
PBT

\$6.5 M  
Dividend for the Period

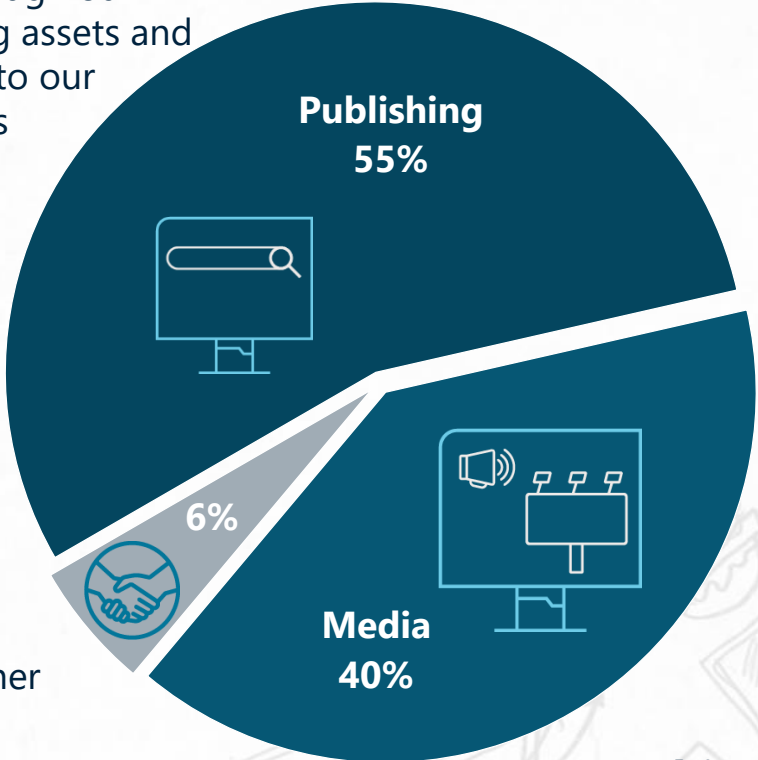


# OUR BUSINESS MODEL



**Online users:**  
Web, mobile,  
social, ...

**Attracting** potential users through our publishing assets and directing to our customers



**Approaching** potential users through posting ads on different platforms and directing to our customers



## Performance based payment

Revenue share / CPA / CPI /...

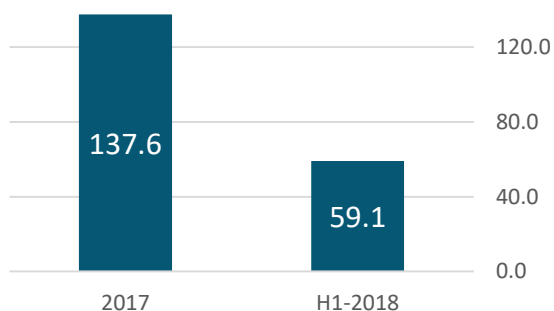
# 2018 Business progress



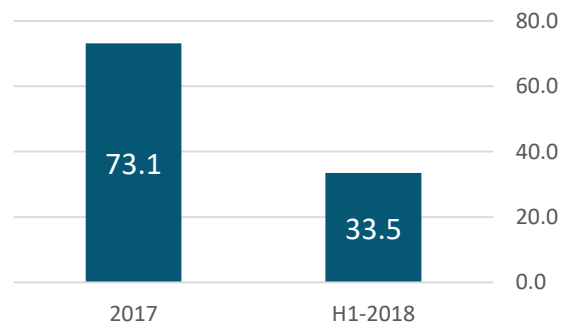
# H1 2018 HIGHLIGHTS

- Current trading on track to meet profit expectations for the full year
- Solid performance from our Personal Finance assets, expanded US operations
- Preparation for launch into the significant future potential US gambling market
- Enhanced our Asia-Pacific presence in the mobile apps vertical and increased revenues from new clients in the region
- Continued focus on Publishing as the main profit driver

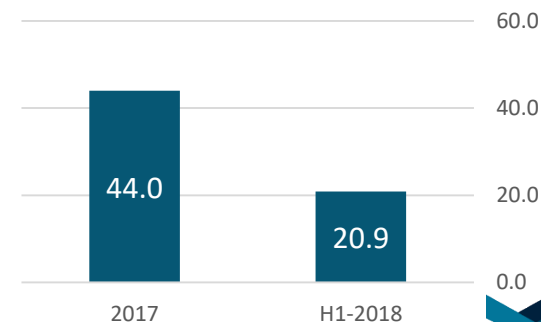
Revenues



Gross Profit



Adjusted EBITDA



# H1 2018 HIGHLIGHTS – Acquisitions

- Completed a series of acquisitions in the period totalling \$45.8 million, including:
  - Leading Finnish informational Gambling websites for a total of \$18MIL
  - WhichBingo.co.uk, one of the UK's leading online informational portals and comparison sites for online bingo games for \$10.5 MIL
  - Three US personal finance informational websites for \$5.9 million
  - Investorjunkie.com a leading US personal finance website for \$5.8 million shortly after the period
- Our net cash position and low leverage levels leave room for future acquisitions

# PERSONAL FINANCE EXPANSION

- Personal finance sector is a strategic growth engine
- H1 2018 saw solid performance from our personal finance assets
- Expanded our US operations by adding sales and customer service team supporting hundreds of customers
- Acquisitions added complementing customers with potential cross-sales opportunities between these assets.
- Further growth opportunities include expanding into additional personal finance products (e.g. loans, banks, ....) and countries





# MARKET DYNAMICS: REGULATION

There are several regulatory areas affecting the Group's activities:

## Online Gambling sector

Enhanced regulation trend brings both limitations and opportunities

## Personal data protection

We have implemented internal guidelines, policies and practices to ensure our continued compliance with GDPR and other data privacy regulation.

## Personal finance sector

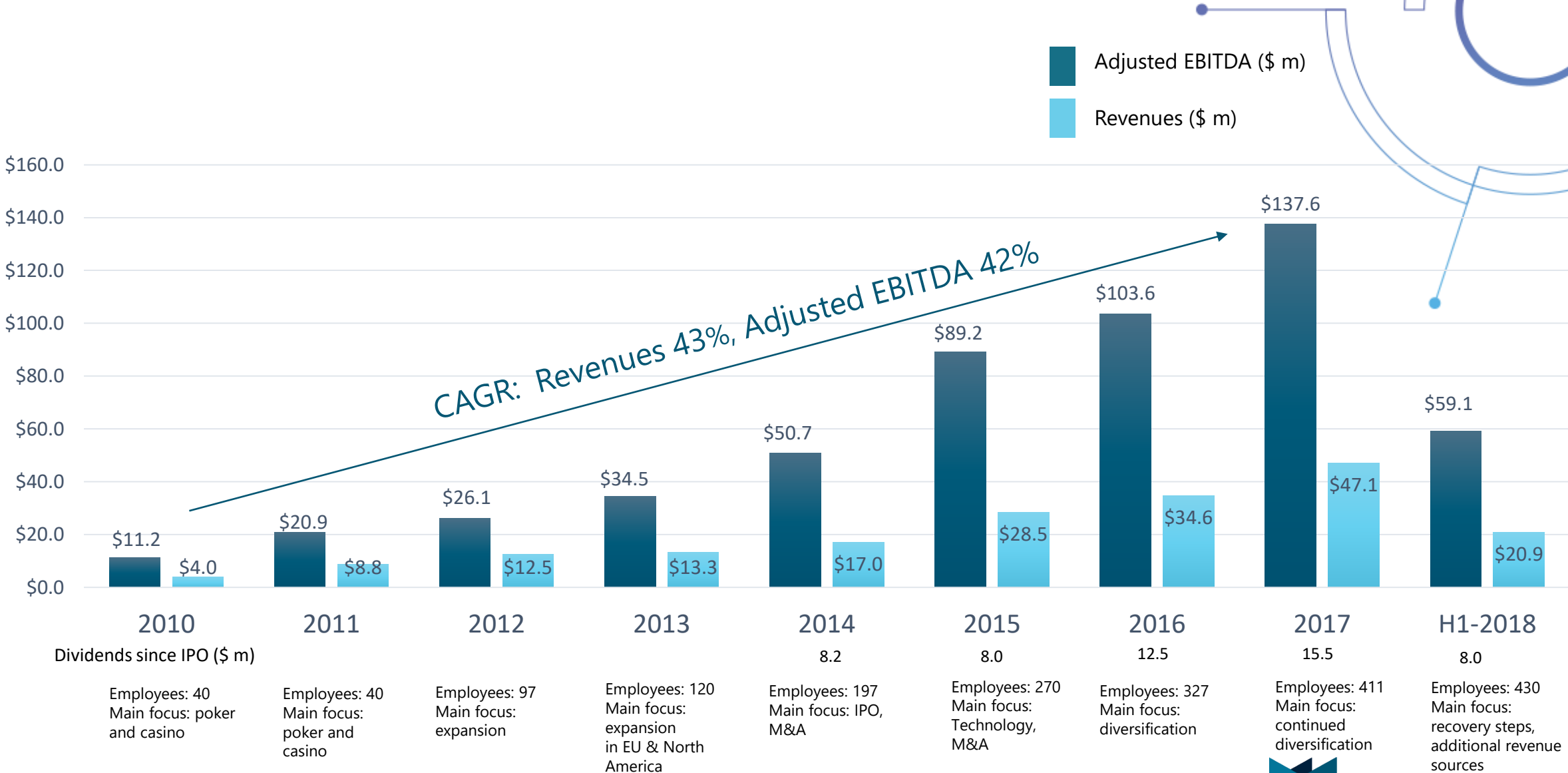
Regulation around ads and promotion in the different jurisdictions

XLM is well positioned as a leader in the industry, with strong infrastructure and operations, to operate according to the different regulations across multiple territories



# Financial Results

# STRONG FINANCIAL TRACK RECORD



Dividends since IPO (\$ m)

Employees: 40  
Main focus: poker and casino

Employees: 40  
Main focus: poker and casino

Employees: 97  
Main focus: expansion

Employees: 120  
Main focus: expansion in EU & North America

Employees: 197  
Main focus: IPO, M&A

Employees: 270  
Main focus: Technology, M&A

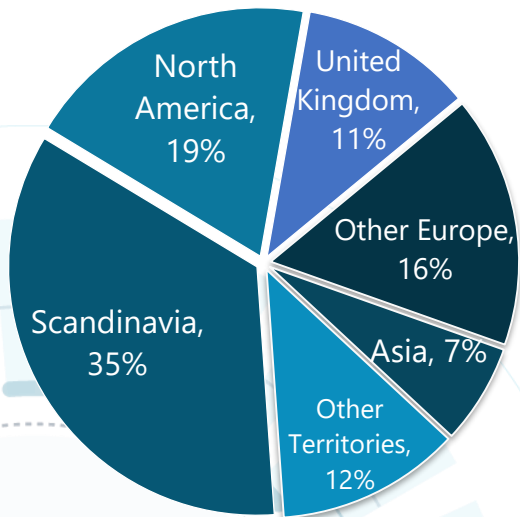
Employees: 327  
Main focus: diversification

Employees: 411  
Main focus: continued diversification

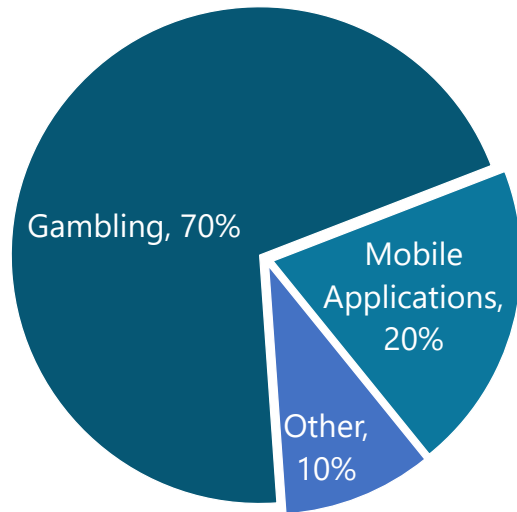
Employees: 430  
Main focus: recovery steps, additional revenue sources

# REVENUE DIVERSIFICATION

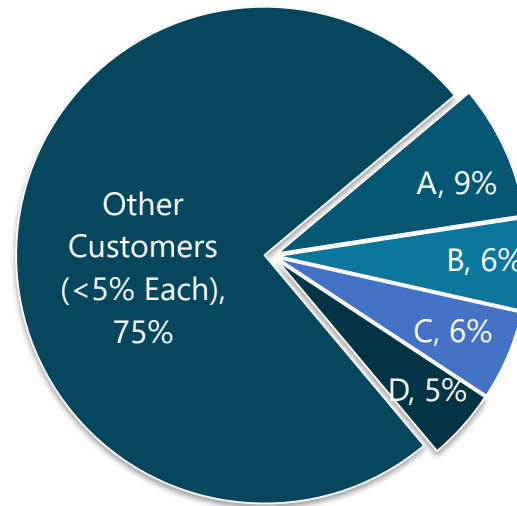
Revenues diversification – users' geography



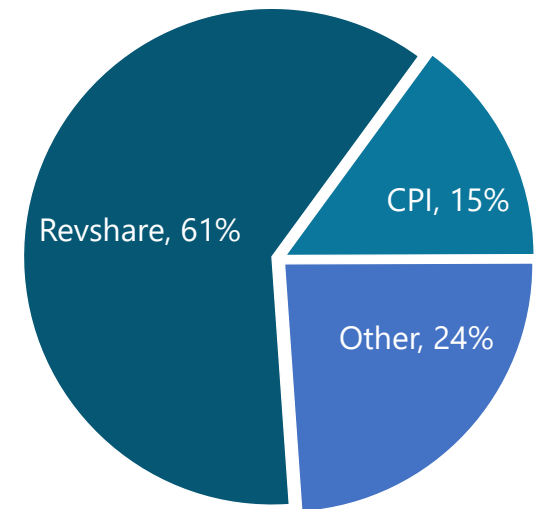
Revenues diversification – products



Revenues diversification – customers



Revenues Per business model





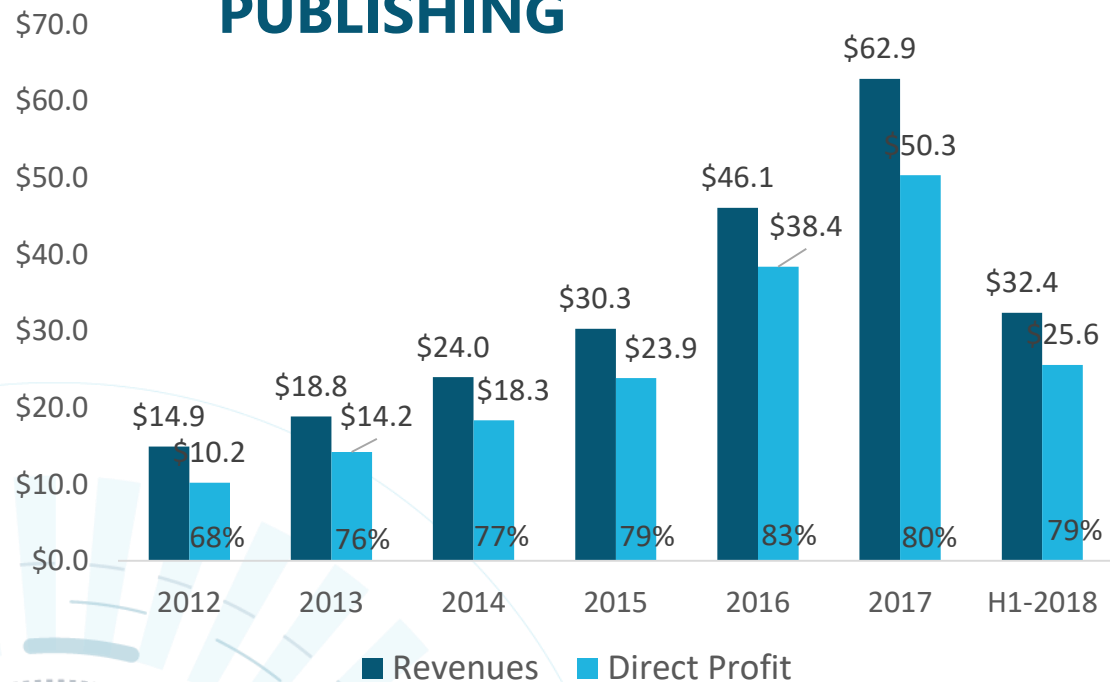
# INCOME STATEMENT

Item (Thousands \$)	H1 2018	FY 2017
Revenues	59,088	137,632
Cost of revenues	25,567	64,487
<b>Gross Profit</b>	<b>33,521</b>	<b>73,145</b>
Operating Expenses	16,243	32,376
Operating Profit	17,278	40,769
<b>Total adjusted EBITDA*</b>	<b>20,883</b>	<b>47,120</b>
<i>% Adj. EBITDA</i>	<i>35%</i>	<i>34%</i>
Finance income (expenses), net	(488)	(1,424)
<b>Profit Before Taxes</b>	<b>16,790</b>	<b>39,345</b>
Taxes (from Income)	2,738	7,474
<b>Net Profit</b>	<b>14,052</b>	<b>31,871</b>
Earnings Per Share	0.06	0.15

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

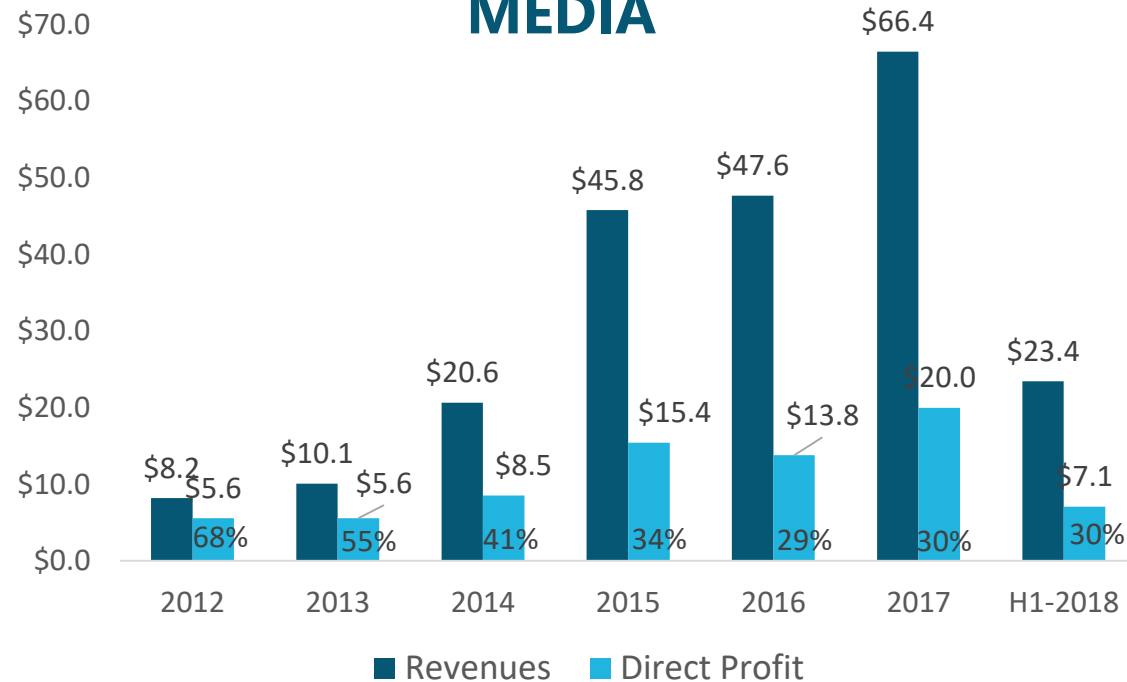
# SEGMENT PERFORMANCE

## PUBLISHING



- 9% growth to \$32.4 million driven by acquisitions.
- Reduction in activity across a number of territories following regulation and operational challenges, websites are now in various stages of recovery.
- Developing additional personal finance assets.
- Acquired websites and domains for an aggregate consideration of \$45.8m

## MEDIA



- Revenues decreased 31% to \$23.5 million
- Proactive measures to cease low margin activities
- Gambling regulation and operator reaction effected the period.
- Progress made in new sectors in the mobile division including Asia
- Traction in financial apps and e-commerce in US activities.

# CASH FLOW STATEMENT

\$ ' 000	H1-2018	2017
<b>Net income</b>	<b>14,052</b>	<b>31,871</b>
Depreciation, amortisation and impairment	2,788	5,932
Cost of share-based payment	774	419
Changes in Working Capital	(1,315)	5,432
Taxes paid, net	(1,639)	(3,849)
Finance (income) expense and exchange differences on cash	(1,255)	1,268
<b>Cash Flow from Operating Activities</b>	<b>13,405</b>	<b>41,073</b>
<b>Investing Activities</b>		
Purchase of property and equipment, net	(421)	(388)
Payment for acquired business	-	(5,100)
Acquisition of domains, websites, technology	(43,756)	(16,160)
Financial investments, net	(4,814)	(1,295)
<b>Cash Flow for investing activities</b>	<b>(48,991)</b>	<b>(22,943)</b>

	H1-2018	2017
<b>Financing Activities</b>		
Dividend paid to equity holders of the Company	(8,000)	(15,505)
Share capital issuance	42,618	-
Acquisition of non-controlling interests	-	(2,250)
Repayment of Bank loan	(1,250)	-
Dividend paid to non-controlling interests	(499)	(1,804)
Exercise of options	641	1,205
Receipt of long-term loan from bank	5,965	5,000
<b>Net cash used in financing activities</b>	<b>39,475</b>	<b>(13,354)</b>
<b>Cash and short term investments at the end of the period</b>	<b>51,311</b>	<b>43,277</b>

# BALANCE SHEET 30 JUNE 2018

\$ '000	H1-2018	2017
<b>Current assets:</b>		
Cash and short term investments	51,311	43,277
Trade receivables	17,776	18,950
Other accounts receivable	6,769	4,665
Financial derivatives	1,128	200
<b>Total current assets</b>	<b>76,984</b>	<b>67,092</b>
<b>Non-current assets:</b>		
Long term investments	649	681
Goodwill	30,052	30,052
Intangible assets	95,801	54,347
Deferred taxes	621	862
Other assets	455	244
Property and equipment	1,419	1,230
<b>Total non-current assets</b>	<b>128,997</b>	<b>87,416</b>
<b>Total Assets</b>	<b>205,981</b>	<b>154,508</b>

	H1-2018	2017
<b>Current liabilities:</b>		
Trade payables	9,926	9,813
Current maturity of long-term bank loan	5,475	2,500
Financial derivatives	162	1,425
Other liabilities and accounts payable	19,413	19,545
<b>Total current liabilities</b>	<b>34,976</b>	<b>33,283</b>
<b>Non-current liabilities</b>		
Long- term bank loan	4,243	2,500
Taxes	252	1,825
Deferred taxes	42	42
Other liabilities	225	201
<b>Total Non-current liabilities</b>	<b>4,762</b>	<b>4,568</b>
<b>Equity</b>		
Share premium	111,911	68,417
Capital reserves	(679)	(1,218)
Retained earnings	54,720	49,167
Non controlling interests	291	291
<b>Total equity</b>	<b>166,243</b>	<b>116,657</b>
<b>Total Equity &amp; Liabilities</b>	<b>205,981</b>	<b>154,508</b>



# Growth Strategy



Our stated strategy is built on the following three pillars:

- Diversification
- Technology
- M&A

# GROWTH STRATEGY – ONGOING DIVERSIFICATION AND INVESTMENTS

Follow the groups strategic plan of developing high quality assets and media buying skills in regulated gambling regions and new products.

Target earnings enhancing acquisitions

Complementary assets (adding diversity in geographies, customers and sectors)

Active in additional sub-sectors (e.g. personal finance)

Leverage scale (capitalize on Palcon infrastructure and Group integration)

**Expanding the groups media buying skill set and reach.**

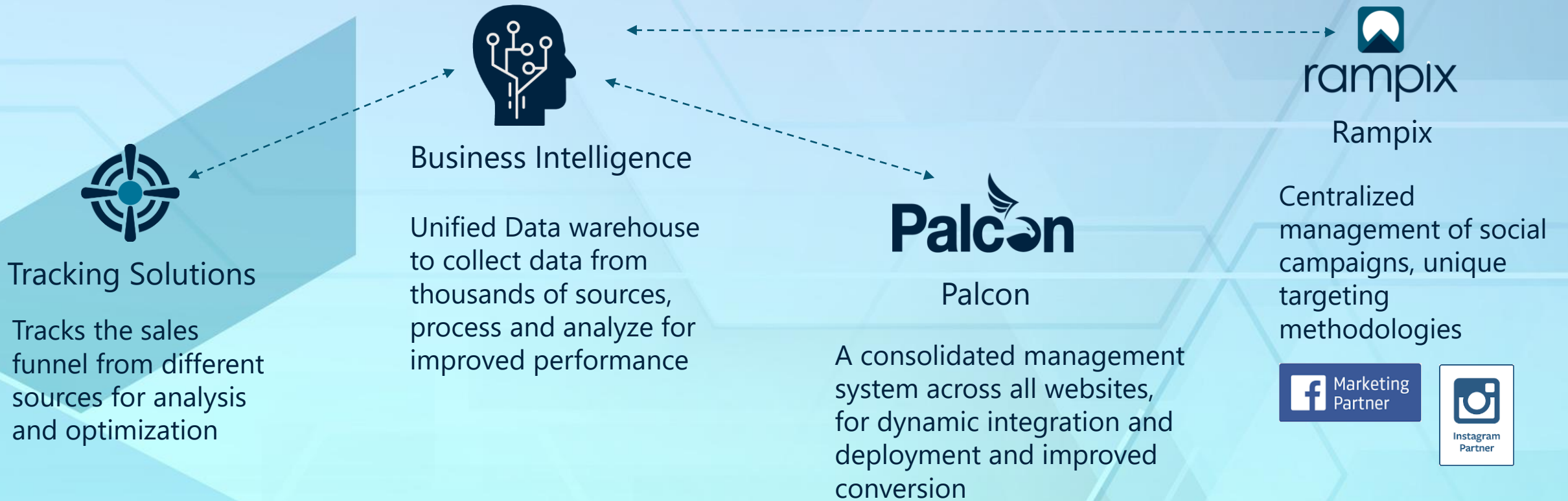
**Develop and acquire assets in the nascent US online gambling market.**

**Accelerate growth in Financial Services sector**



# GROWTH STRATEGY - TECHNOLOGY

Continue developing our technology infrastructure to accelerate our growth and profitability through efficiency and further enhance our competitive edge



# GROWTH STRATEGY - M&A

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

## Areas of focus

- Publishing assets: continue to buy bolt on websites, integrate them into XLM's existing infrastructure and technology, enjoying benefits of scale
- Vertical expansion
- Geography expansion

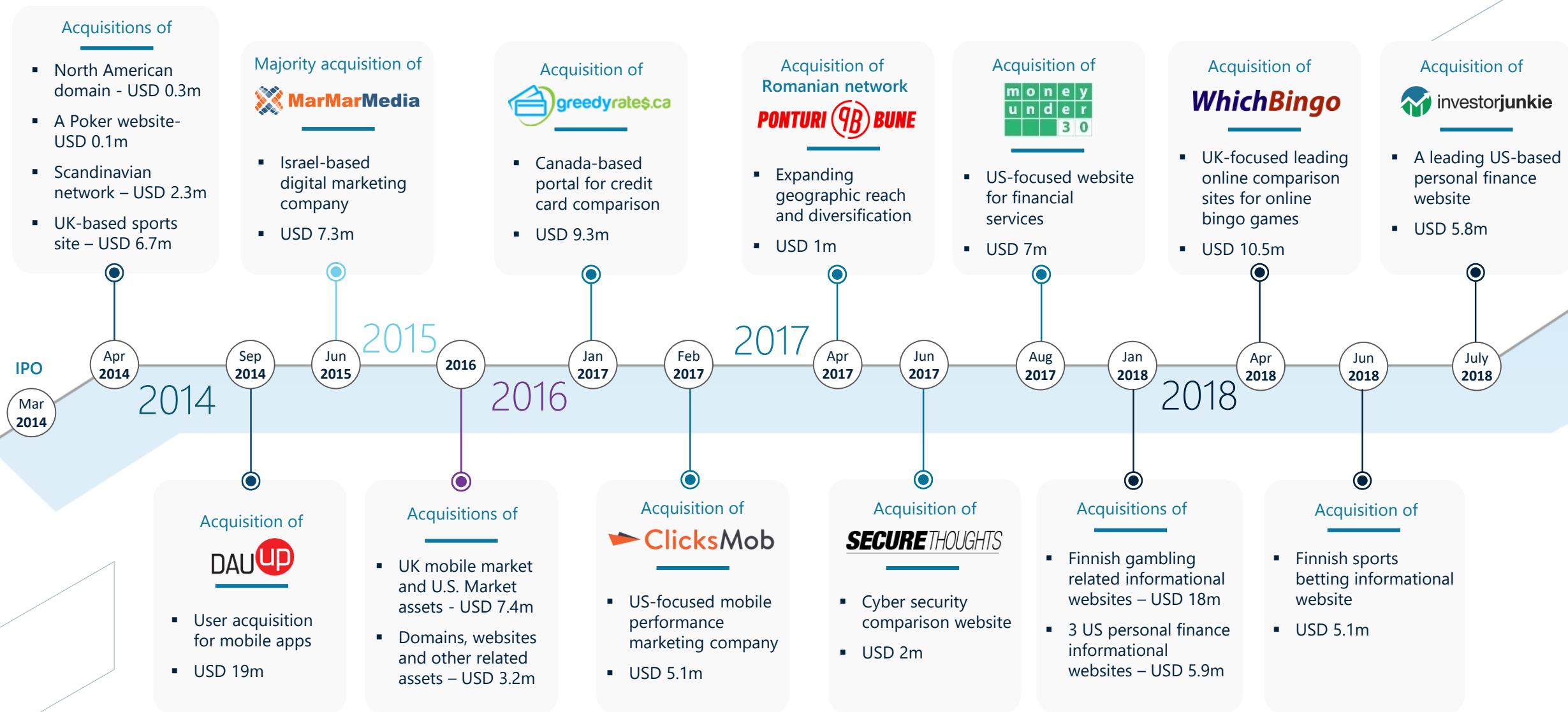
## Well organized process to support ongoing M&A's

- Active pipeline of opportunities driven by highly fragmented market
- Robust due diligence process to select only the ones that represent the very best fit for our business
- Financial strength and cash balance supports deal execution
- Dedicated professional focal points across the organization





# UNRIVALLED PEDIGREE IN ACQUISITIVE GROWTH



Solid history of earnings accretive acquisitions

# SUMMARY AND OUTLOOK

## 2018 Progress

- Focus on recovery of publishing assets
- Proactive measure taken to exit low margin activities
- Executing on strategic acquisitions

## Foundations laid for future growth

- Leading market position with presence in newly regulated markets
- Personal finance sector represents a significant growth opportunity
- Strong balance sheet supports further M&As
- Technology investments and staff are in place to support expansion



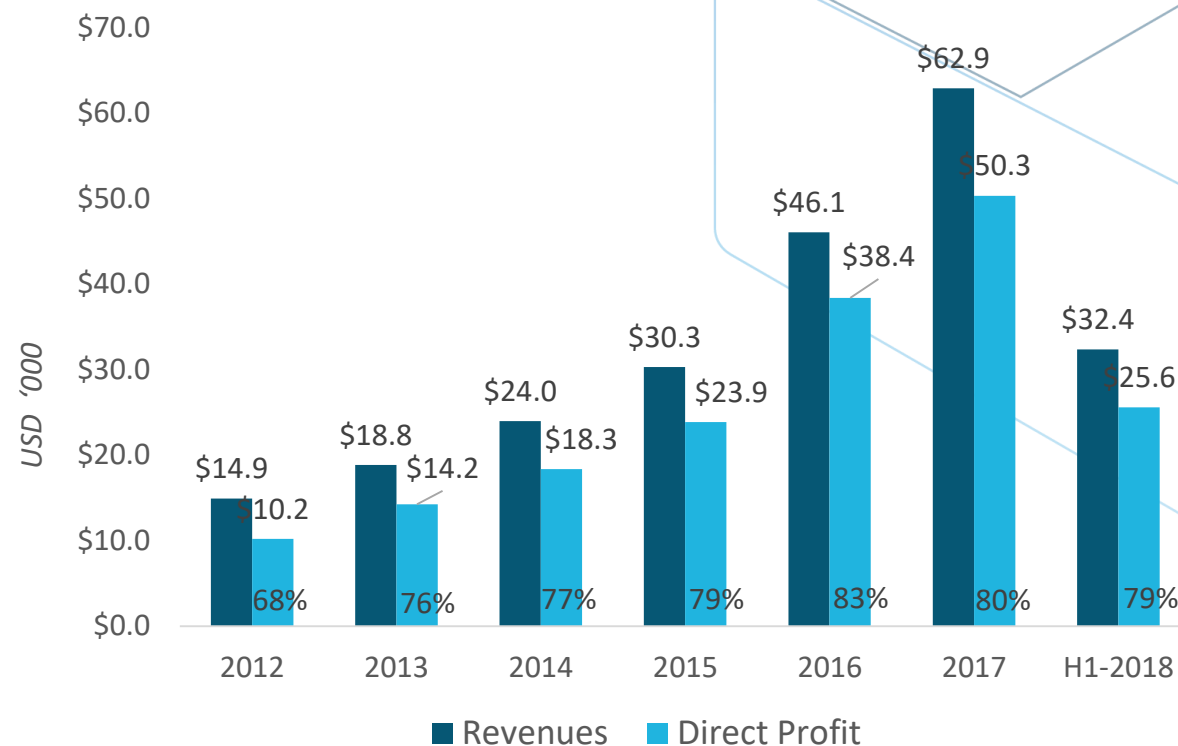


Thank You

Any Questions?

# PUBLISHING

- XLMedia owns over 2,300 informational websites, mobile sites and apps engaging millions of users in 18 languages
- Our informational websites attract potential customers and refer them to online and mobile customers
- Some assets rank for high intent keywords, others are being optimized to reach these positions
- “Palcon” is our a proprietary content management system for centralised management of websites
- Additional assets are acquired and then integrated for improved performance



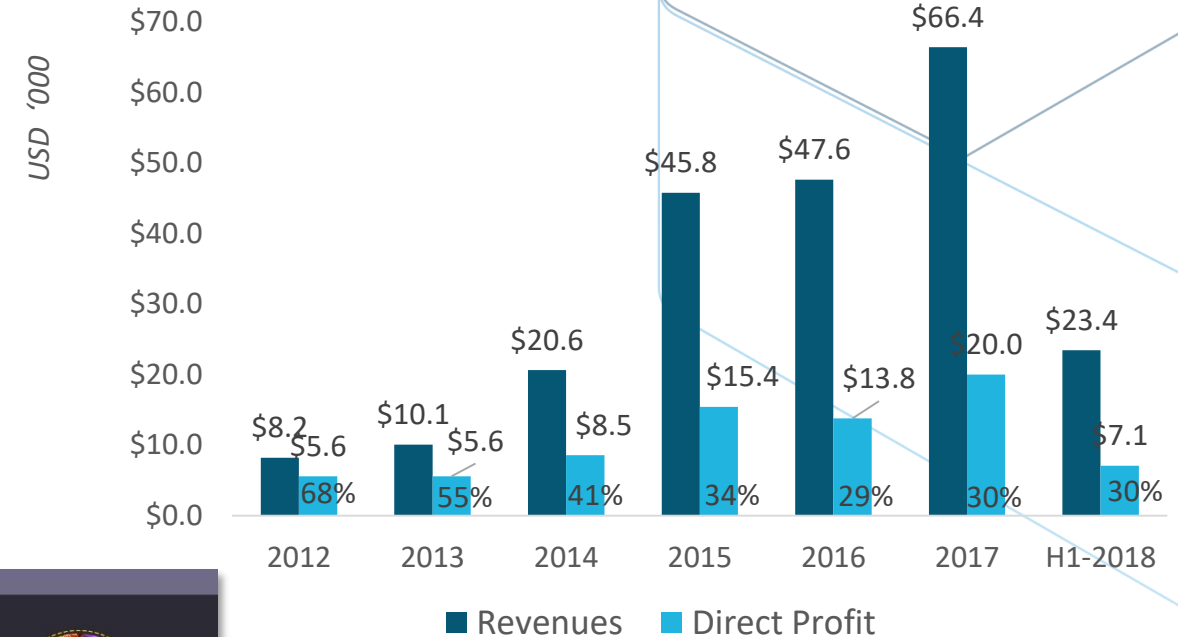
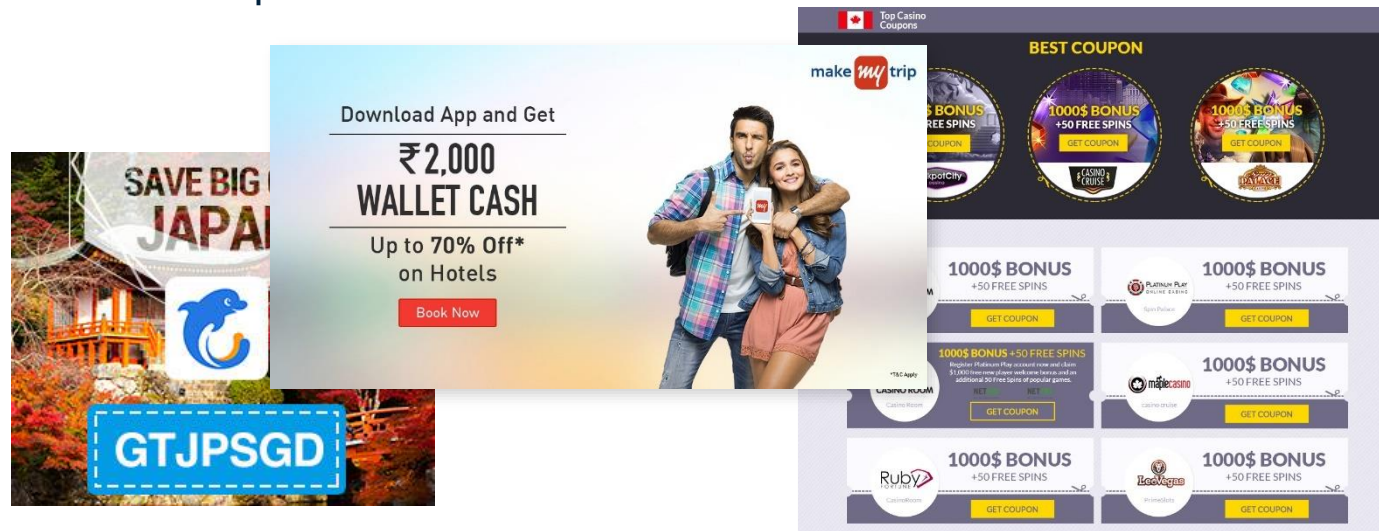
## XLMedia’s portfolio is the outcome of years of investment



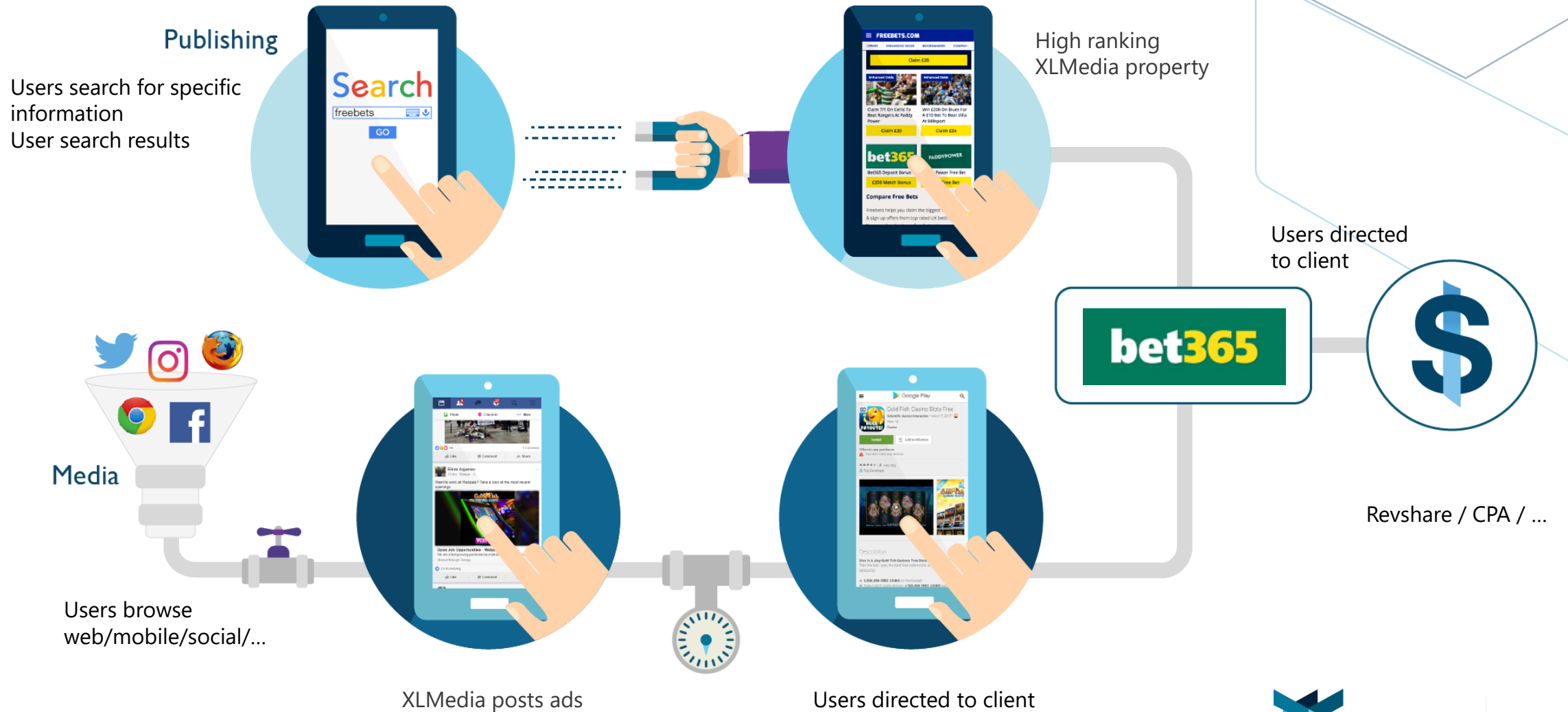


# MEDIA

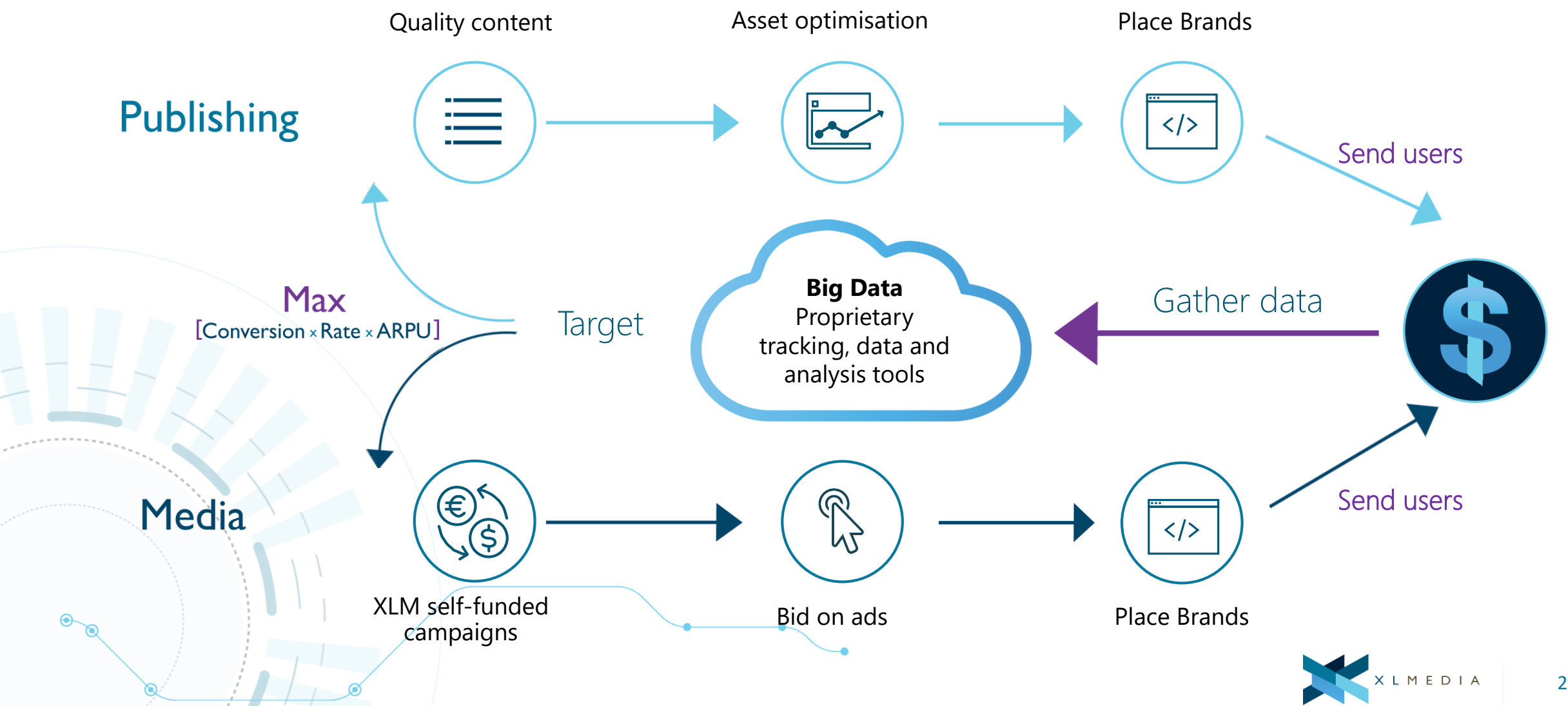
- XLMedia acts as an advertiser running thousands of simultaneous self-funded campaigns, in different verticals. Customers pay based on performance
- XL deploys proprietary technology to manage media campaigns across all ad units: social, mobile, web, ...
- Recent acquisition of ClicksMob strengthens mobile capabilities



# USER'S JOURNEY



# OPTIMIZATION CYCLE



# 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



# 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

**YEHUDA DAHAN**  
GROUP CFO & DIRECTOR

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



**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



**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



**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