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IAB internet advertising revenue report

2013 first six-months results







Agenda

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2013 first six-months results
First six-months and quarterly trends
Advertising formats
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Survey Methodology

Survey Scope

The IAB Internet Advertising Revenue Report is part of an ongoing IAB mission to provide an accurate barometer of Internet advertising growth.

To achieve differentiation from existing estimates and accomplish industry-wide acceptance, key aspects of the survey include:

- Obtaining historical data directly from companies generating Internet/online/mobile advertising revenues;
- Making the survey as inclusive as possible, encompassing all forms of internet/online advertising, including websites, consumer online services, ad networks, mobile devices and e-mail providers; and
- Ensuring and maintaining a confidential process, only releasing aggregate data.

Methodology

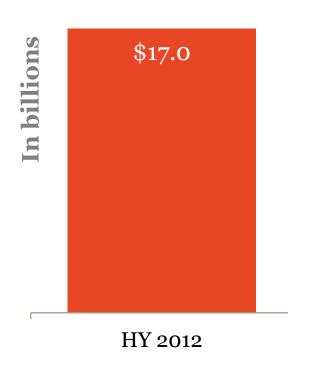
Throughout the reporting process, PwC:

- Compiles a database of industry participants selling internet/online and mobile advertising revenues.
- Conducts a quantitative mailing survey with leading industry players, including web publishers, ad networks, commercial online service providers, mobile providers, e-mail providers and other online media companies.
- Acquires supplemental data through the use of publicly disclosed information.
- Requests and compiles several specific data items, including monthly gross commissionable advertising revenue by industry category and transaction.
- Identifies non-participating companies and applies a conservative revenue estimate based on available public sources.
- Analyzes the findings, identifies and reports key trends.



Half year revenues totaled \$20.1 billion in 2013

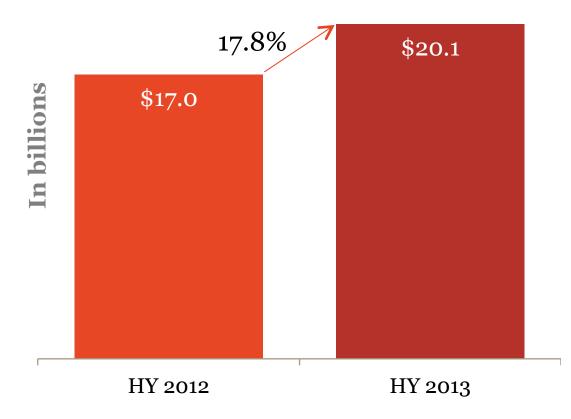
Online advertising revenue increased 17.8% in HY 2013.





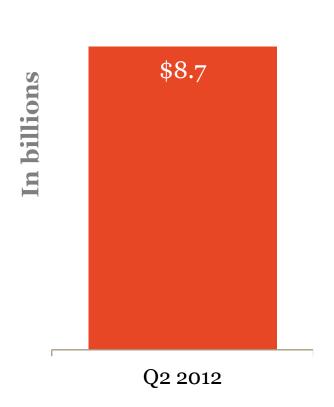
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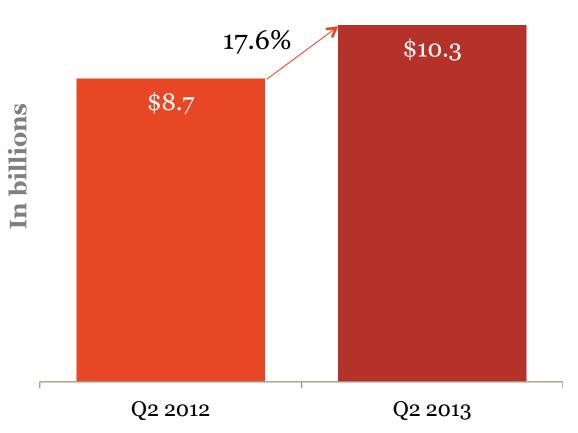
Second quarter revenues totaled \$10.26 billion in HY 2013



Revenue in Q2 2013 was 17.6% higher than in Q2 2012.



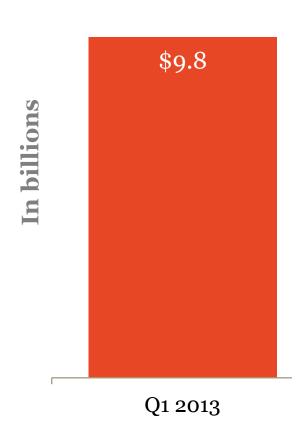
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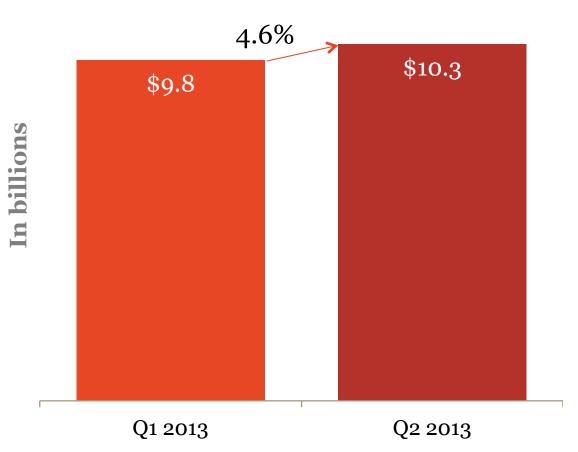
Strong Growth between Q1 2013 and Q2 2013



Revenue in Q2 2013 was \$454 million higher than in Q1 2013.



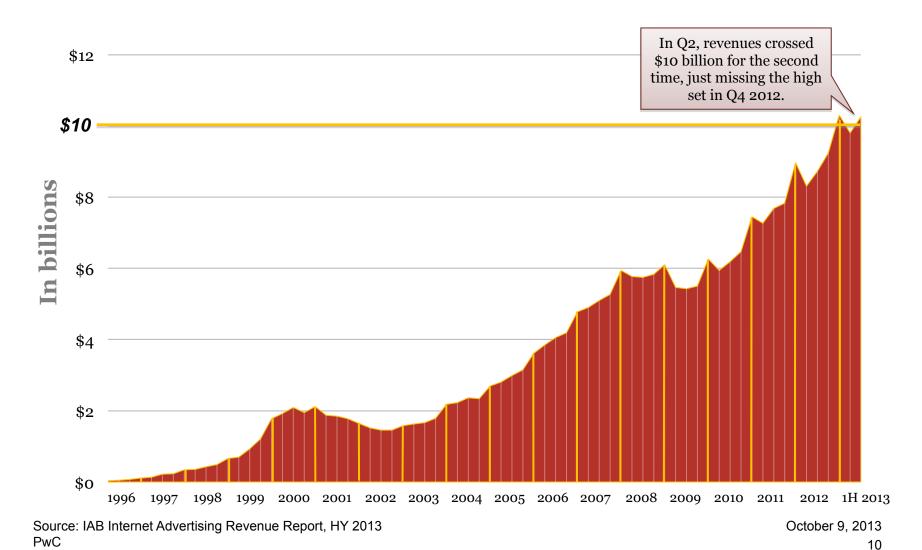
Strong Growth between Q1 2013 and Q2 2013



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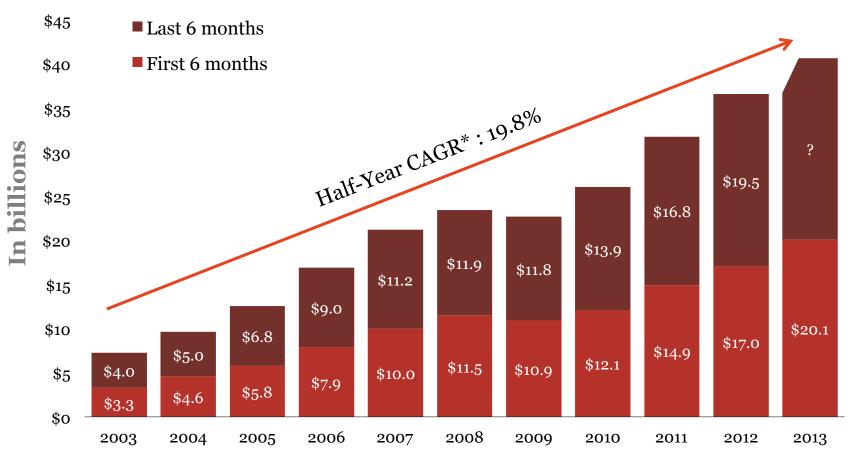


A historical perspective of internet advertising Quarterly growth comparison, 1996–1H 2013





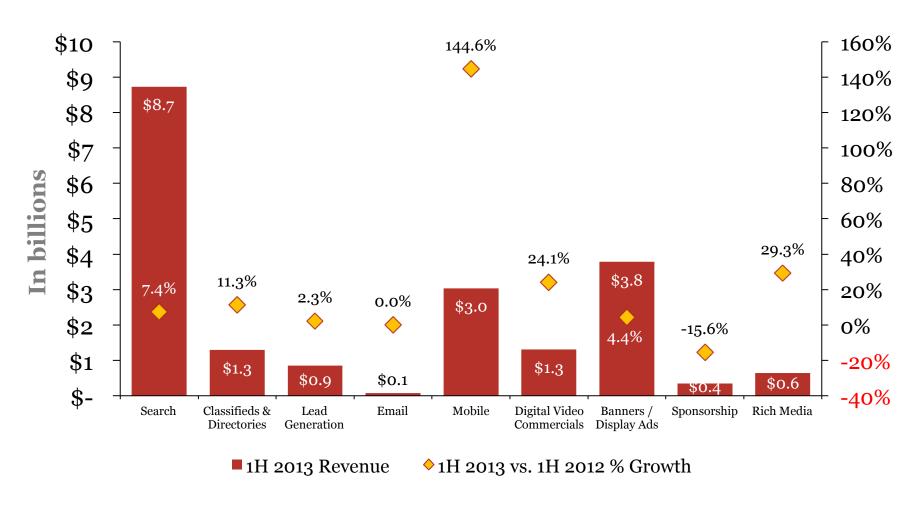
First six-months 2013 shows record revenues Historical revenue mix, first half vs. second half



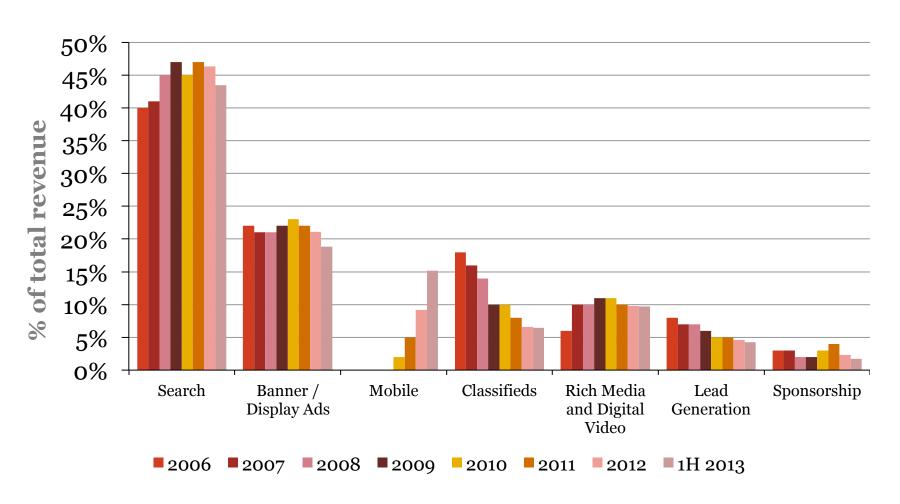
 $^{{}^*\}mathit{CAGR} \colon \mathit{Compound} \, \mathit{Annual} \, \mathit{Growth} \, \mathit{Rate}$



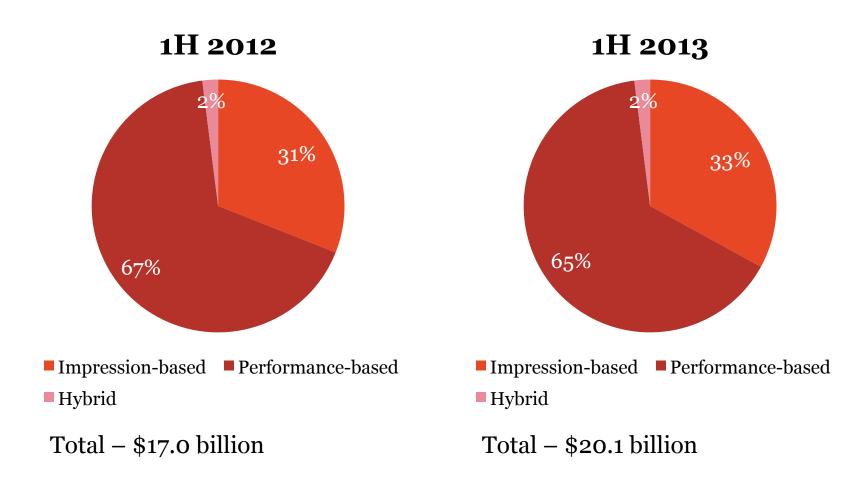
Mobile shows the strongest growth Advertising formats – HY 2013 results and growth rates



Historical trends in internet advertising formats Revenue share by major ad formats, 2006–1H 2013

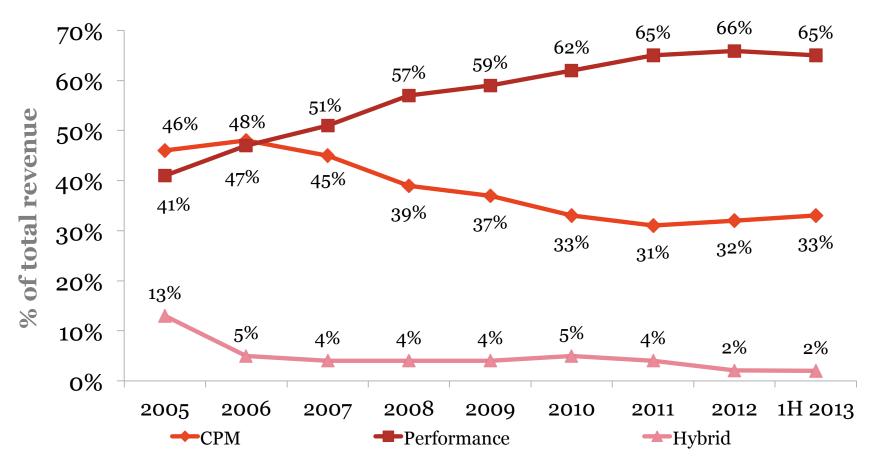


Pricing models shift towards performance Internet ad revenues by pricing model, 1H 2012 vs. 1H 2013





Historical pricing model trends Internet ad revenues by pricing model, 2005-1H 2013



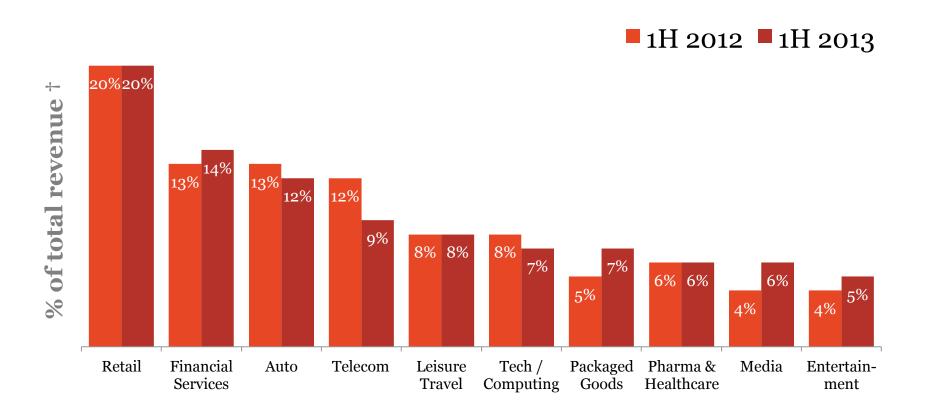
Note: Pricing model definitions may have changed over the time period depicted both within the survey process and as interpreted by respondents

Source: IAB Internet Advertising Revenue Report, HY 2013 **PwC**

October 9, 2013



Internet ad revenues by major industry category \$17.0 B in HY 2012 vs. \$20.1 in HY 2013



[†] Amounts do not total to 100% as minor categories are not displayed.

PwC New Media Group

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Our services include:

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- IAB Measurement Certification Compliance auditing
- Privacy policy structuring, attestation and compliance advisory
- Mergers & Acquisition assistance
- Tax planning and compliance
- Capital sourcing and IPO assistance

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