2012 Full Year and Q4 2012
IAB/PwC Digital Advertising Revenue Report
April 2013
Welcome

2012 Full Year and Q4 Digital Ad Revenue Highlights
Sherrill Mane, SVP Research, Analytics & Measurement, IAB

Detailed Analysis of IAB PWC 2012 Full Year and Q4 Report
David Silverman, Partner, PriceWaterhouseCoopers

2012 Digital Advertising Growth: Mobile and Video Lead the Way
Linda Gridley, President and CEO of Gridley & Company LLC.

Q & A
Important Note on Q&A

- We will open a voice line for journalists to ask questions at the end of the presentations.

- IAB members should ask questions using the WebEx user interface–Please type questions into the Chat box on the WebEx user interface at any time during the presentations.
  - We will create a queue and answer as many questions as possible following the presentations.
  - Additional press questions should be directed to Laura Goldberg: Laura.Goldberg@iab.net
  - Additional questions from IAB members should be directed to Kristina Sruoginis: Kristina@iab.net.
2012 Full Year and Q4 2012

IAB/PwC Digital Ad Revenue Report Highlights

April 2013

Sherrill Mane
SVP, Research, Analytics and Measurement, IAB
"Imagination is more important than knowledge. Knowledge is limited. Imagination embraces the entire world."

– Albert Einstein
Year End 2012 Interactive Advertising Sets New Records

- 2012 annual US interactive ad revenues totaled $36.6 billion, marking the third consecutive year of double-digit annual growth.
  - This represents a 15% (or $4.8 billion) increase from 2011’s $31.7 billion.

- 2012 annual mobile ad revenue doubled again (111% growth) to $3.4 billion since last year.

- Mobile now accounts for 9% of digital ad revenue.

- Digital video remains the fastest growing sector of the display market, climbing 29% to $2.3 billion in 2012.

- And, banners show 13% annual growth reaching $7.7 billion for a 21% share of interactive ad dollars.
Year End 2012 Interactive Advertising Sets More Records

- Fourth quarter 2012 revenue of $10.3 billion represents the best quarterly result ever for US interactive advertising.
  - This is a 15% increase over same time last year ($9 billion in Q4 2011)
- Interactive advertising growth continues to outperform the total media market based on both Nielsen and Kantar estimates for Fourth Quarter and Full Year 2012
2012 Annual Revenue Growth

Digital Ad Revenue Growth (2011 vs. 2012)

$31.7

15%

$36.6

2012 Annual Revenue Growth

Total Media Ad Revenue Growth (2011 vs. 2012)

The Nielsen Company estimates total media revenues grew 3% from 2011 to 2012; Kantar Media estimates a 3% increase.

Sources: IAB/PWC 2012 Full Year and Q4 2012 Digital Advertising Revenue Report
2012 Ad Revenue Growth
Digital vs. Top Non-Digital Media

Total Ad Revenue 2012 vs. 2011 ($Billions)

<table>
<thead>
<tr>
<th>Media Type</th>
<th>2012</th>
<th>2011</th>
<th>Percent Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internet*</td>
<td>$36.6</td>
<td>$31.7</td>
<td>15%</td>
</tr>
<tr>
<td>TV (incl. Network, Spot, Cable, Hisp.)</td>
<td>$76.6</td>
<td>$71.8</td>
<td>7%</td>
</tr>
<tr>
<td>Magazines</td>
<td>$15.9</td>
<td>$16.4</td>
<td>-3%</td>
</tr>
<tr>
<td>Newspapers</td>
<td>$13.1</td>
<td>$12.5</td>
<td>4%</td>
</tr>
</tbody>
</table>

Source: *IAB/PWC 2012 Full Year and Q4 2012 Digital Advertising Revenue Report
The Nielsen Company, Monitor Plus, April 2013 (Standard Calendar), Nielsen reporting classification change since last report.
According to Nielsen, total media revenues grew 3% from Q4 2011 to Q4 2012. Kantar Media estimates a 2% increase.

Q4 Ad Revenue Growth
Digital vs. Top Non-Digital Media

<table>
<thead>
<tr>
<th>Media Type</th>
<th>Total Ad Revenue Q4’12 vs. Q4’11 ($Billions)</th>
<th>Percent YoY Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internet*</td>
<td>$10.3</td>
<td>15%</td>
</tr>
<tr>
<td>TV (incl. Network, Spot, Cable, Hisp.)</td>
<td>$21.9</td>
<td>6%</td>
</tr>
<tr>
<td>Magazines</td>
<td>$4.6</td>
<td>-1%</td>
</tr>
<tr>
<td>Newspapers</td>
<td>$3.6</td>
<td>-3%</td>
</tr>
</tbody>
</table>

Source: *IAB/PWC 2012 Full Year and Q4 2012 Digital Advertising Revenue Report
The Nielsen Company, Monitor Plus, April 2013 (Standard Calendar), Nielsen reporting classification change since last report.
Composite Average CPM Index
115 Same Sites / Ad Networks
100 = 2010 Avg. CPM: $12.00

- 2012 Avg. CPM slightly ahead of 2011 (+1%)
- More gainers than losers
- Sites in Finance Category show strongest gains

Source: SQAD WebCosts 2012 data, Apr. 2013
Display Eight Category Average CPM

Weighted Average - December 2012 Release

Source: SQAD WebCosts 2012 data, Apr. 2013
Display and Search Both Exhibit Double Digit Growth

- Brand spend is on the rise
- In 2012, Display* increased 15% over year ago to $12 billion
- Display-related ad formats* revenue growth driven by:
  - Banners up 13% to $7.7 billion
  - Digital video exhibits 29% increase, rising to $2.3 billion and showing exceptional strength in 4th Q 2012 with an increase of 38% over YAG
- Impression and Performance-based ad revenue grew in 2012 at the same pace (18%)
- Search grew 15% over 2011 annual to $16.9 billion
- Election and Olympics not the primary drivers of interactive ad revenue growth

*Note: Display-related ad formats are defined as: banner ads, digital video commercials, rich media, and sponsorships.

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THANK YOU

FOLLOW-UP QUESTIONS:

Additional questions from IAB members should be directed to Kristina Sruoginis:
kristina@iab.net

Additional press questions should be directed to Laura Goldberg:
Laura.Goldberg@iab.net

Reports can be found at: www.iab.net