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IAB internet advertising revenue report

2015 full year results



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Agenda

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2015 full year results

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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:

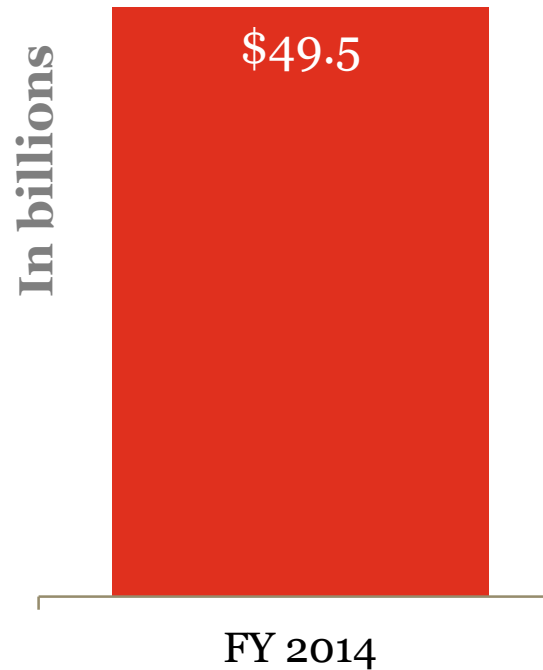
- Obtaining historical data directly from companies generating Internet/online/mobile advertising revenues;
- Making the survey as inclusive as possible, encompassing all forms of internet/online advertising, including websites, consumer online services, ad networks, mobile devices and e-mail providers;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

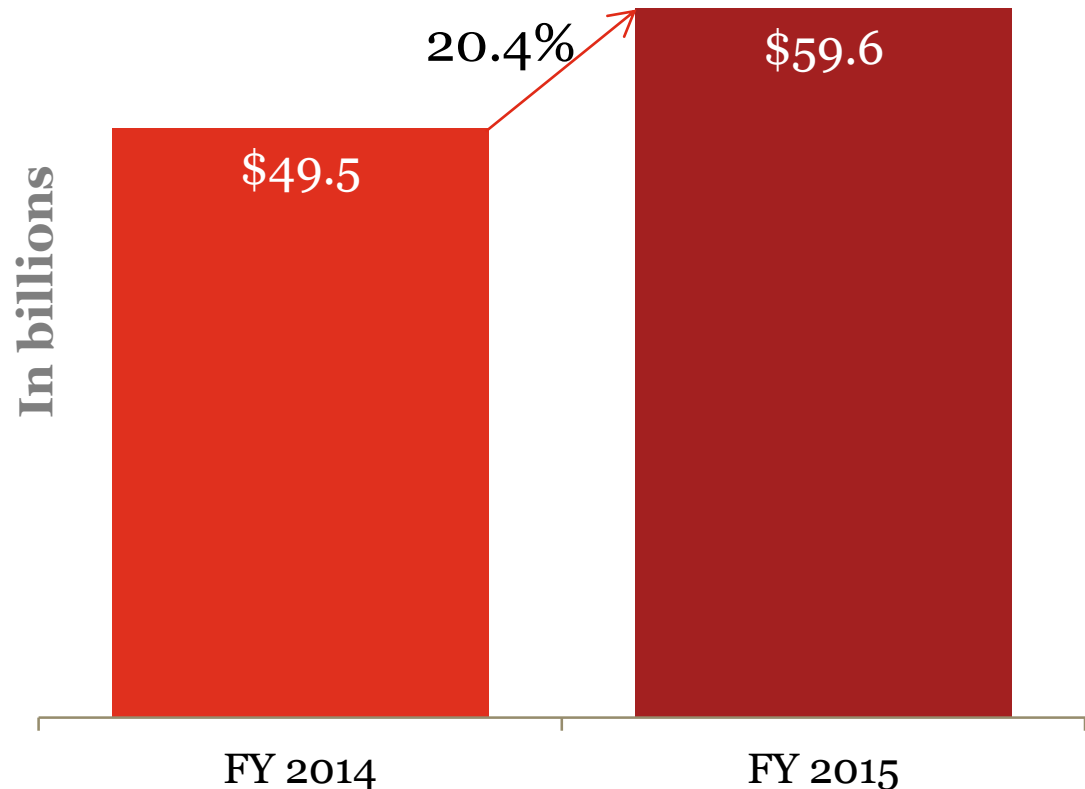
Annual revenues totaled...



Source: IAB Internet Advertising Revenue Report, FY 2015
April 2016

Annual revenues totaled \$59.6 billion in 2015

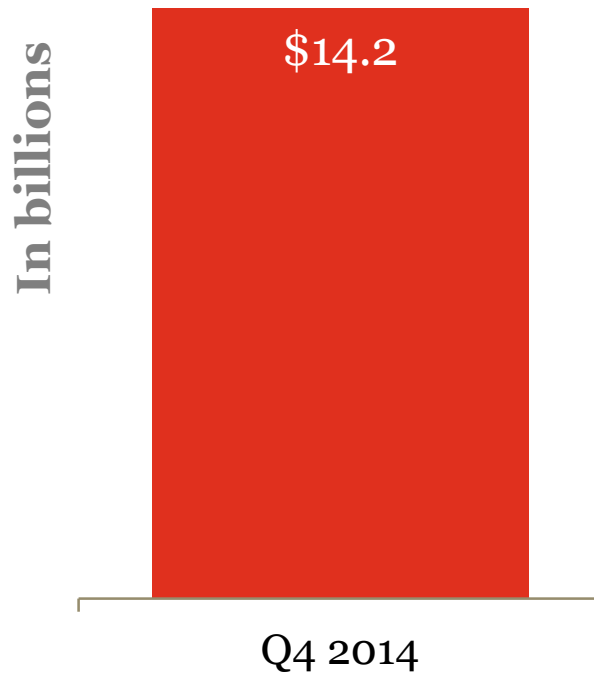
*Online
advertising
revenue
increased
20.4% in 2015*



Source: IAB Internet Advertising Revenue Report, FY 2015

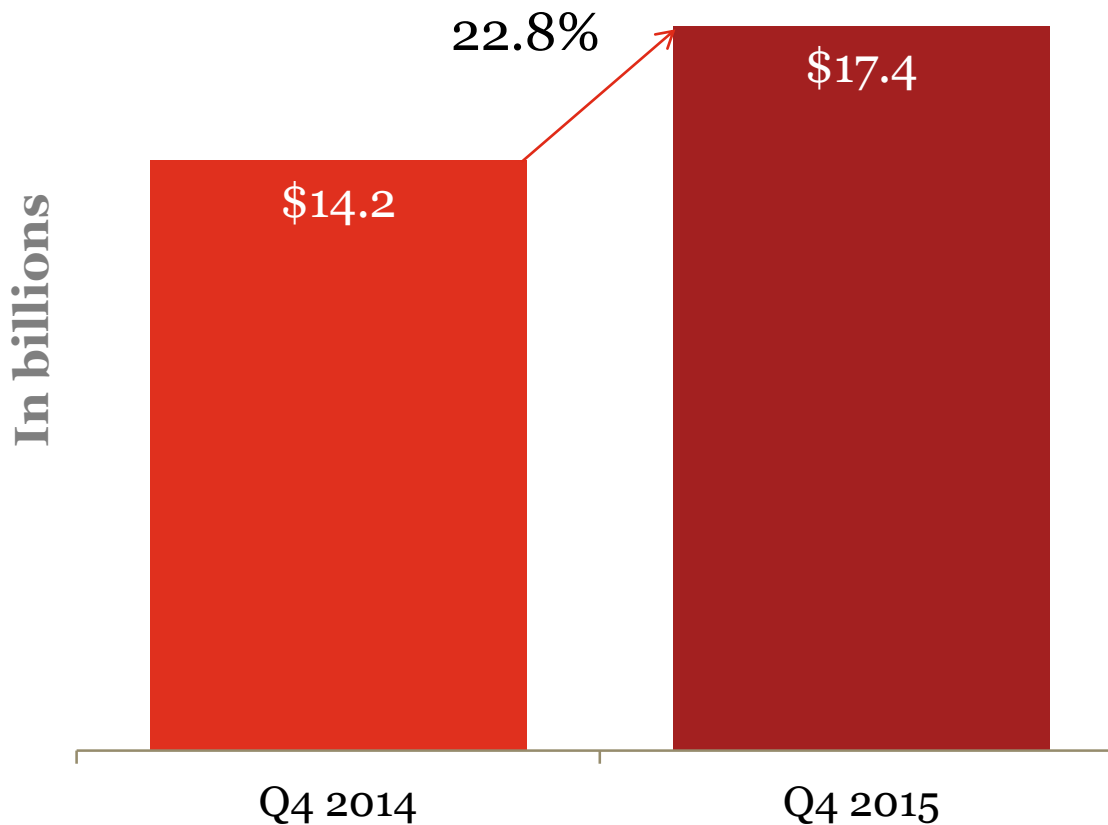
April 2016

Fourth quarter revenues totaled...



Source: IAB Internet Advertising Revenue Report, FY 2015

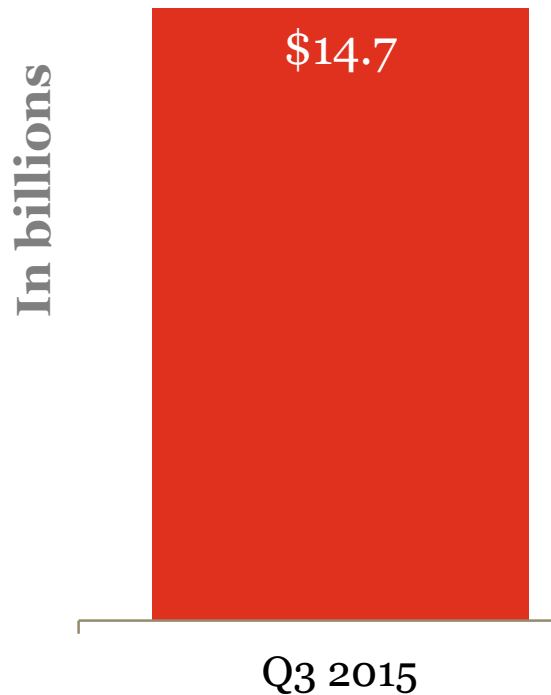
Fourth quarter revenues totaled \$17.4 billion in 2015



Revenue in Q4 2015 was \$3.2 billion higher than in Q4 2014

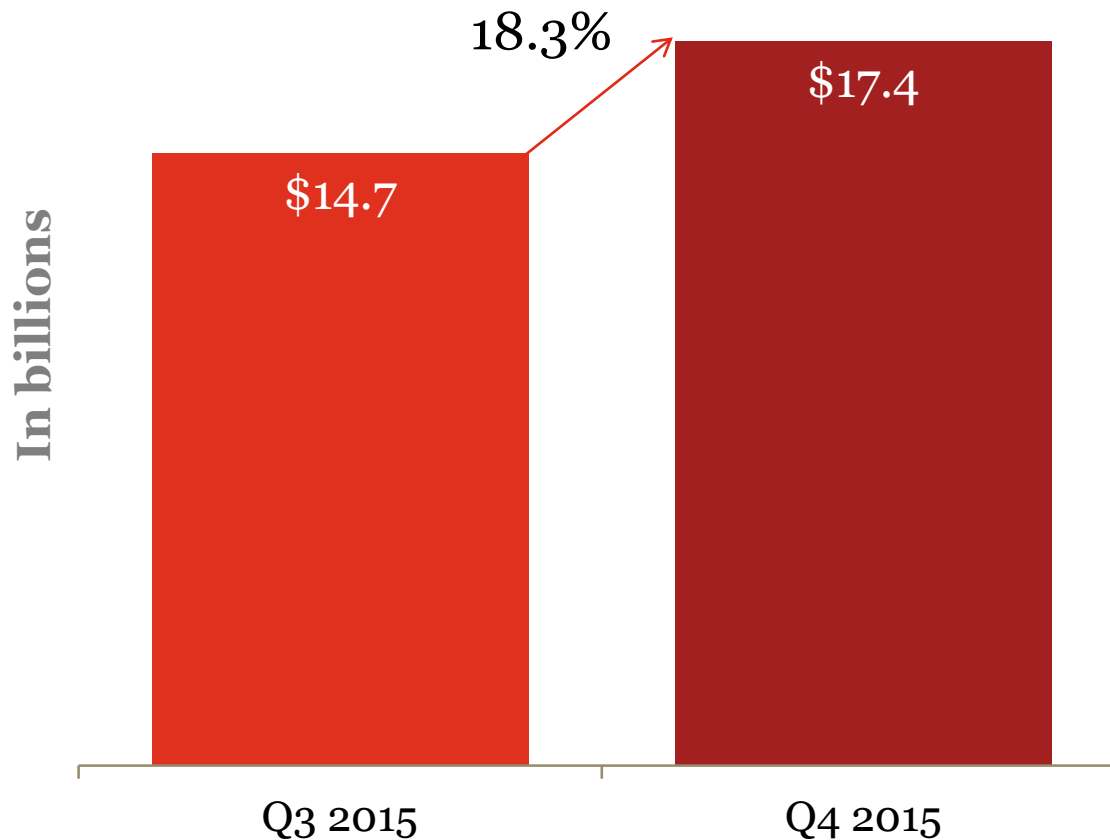
Source: IAB Internet Advertising Revenue Report, FY 2015

Strong growth between Q3 2015 and Q4 2015



Source: IAB Internet Advertising Revenue Report, FY 2015

Strong growth between Q3 2015 and Q4 2015

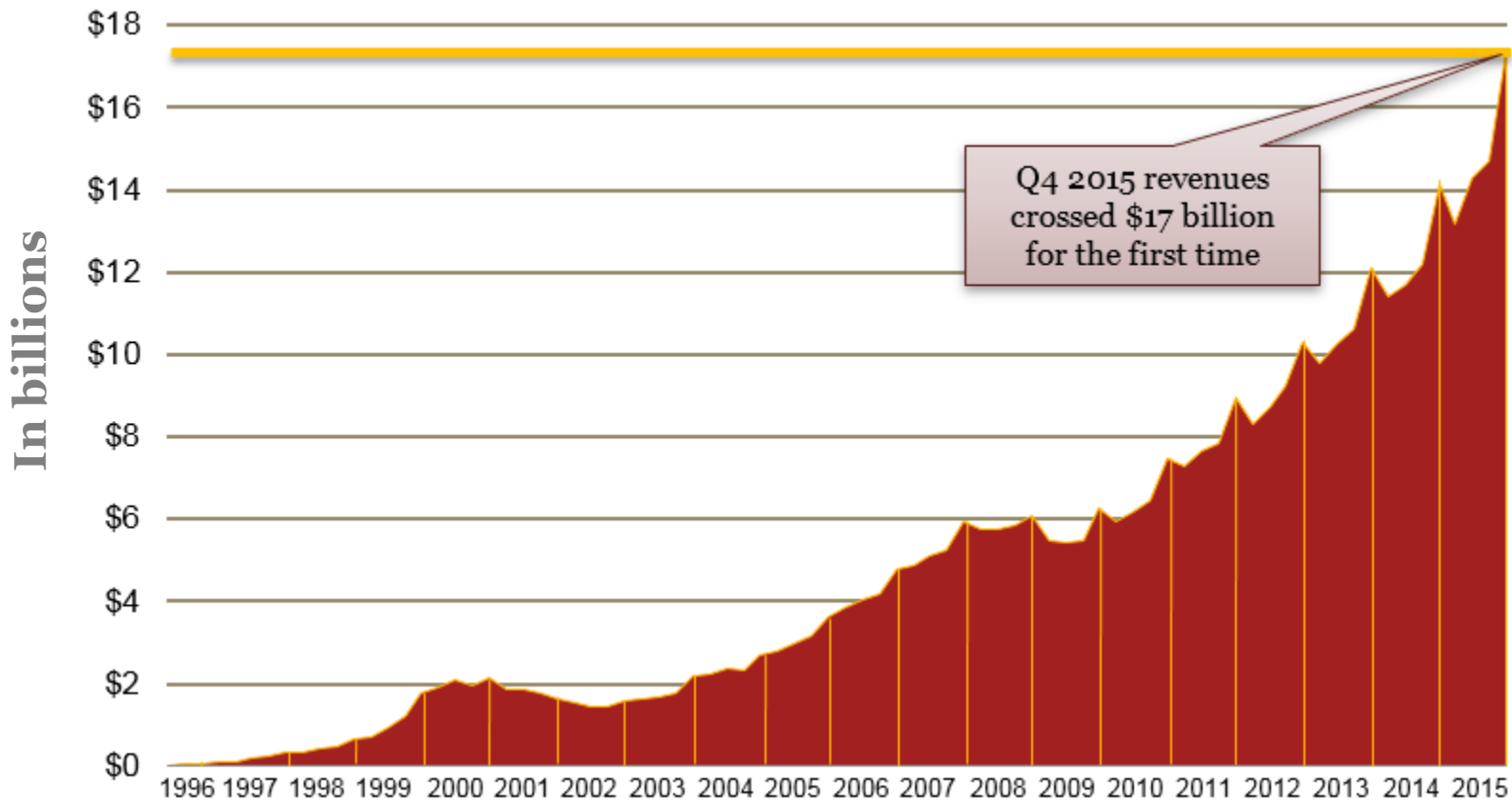


***Revenue in Q4
2015 was \$2.7
billion higher
than in Q3 2015***

Source: IAB Internet Advertising Revenue Report, FY 2015

Quarterly growth continues upward trend

Quarterly growth comparison, 1996–2015



Source: IAB Internet Advertising Revenue Report, FY 2015

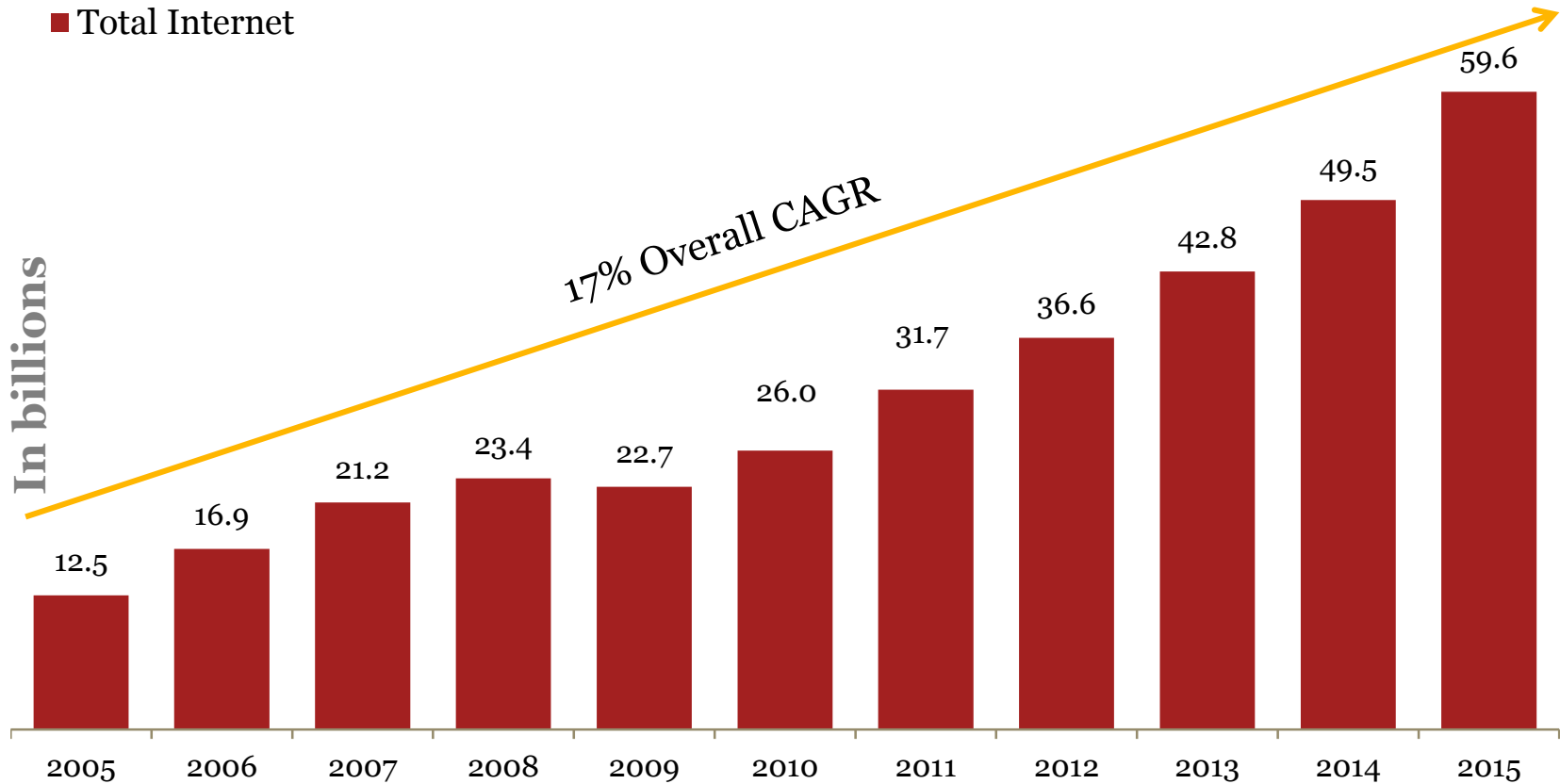
PwC

April 2016

10

2015 showed record revenues

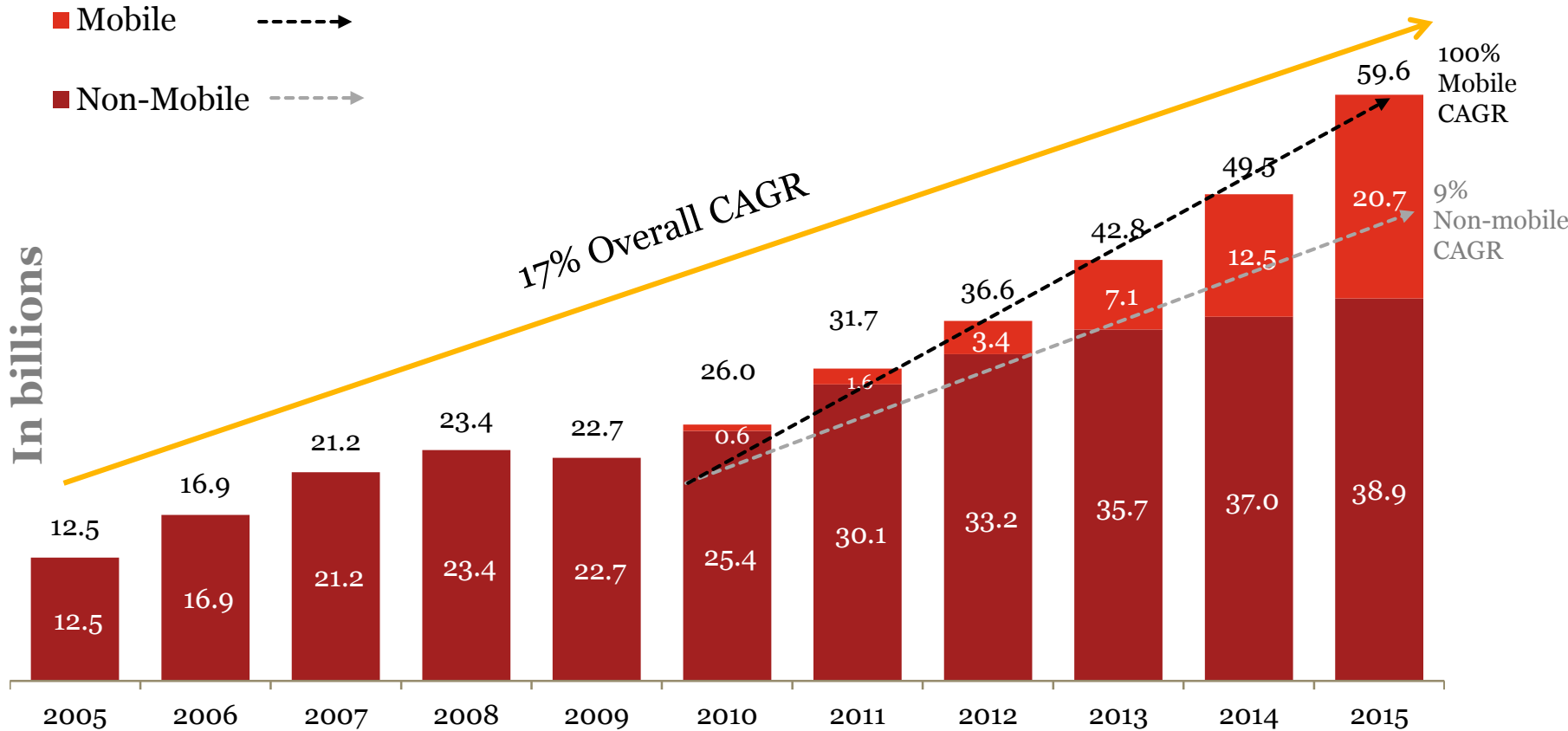
Annual revenue 2005-2015



* CAGR: Compound Annual Growth Rate
Source: IAB Internet Advertising Revenue Report, FY 2015

2015 showed record revenues

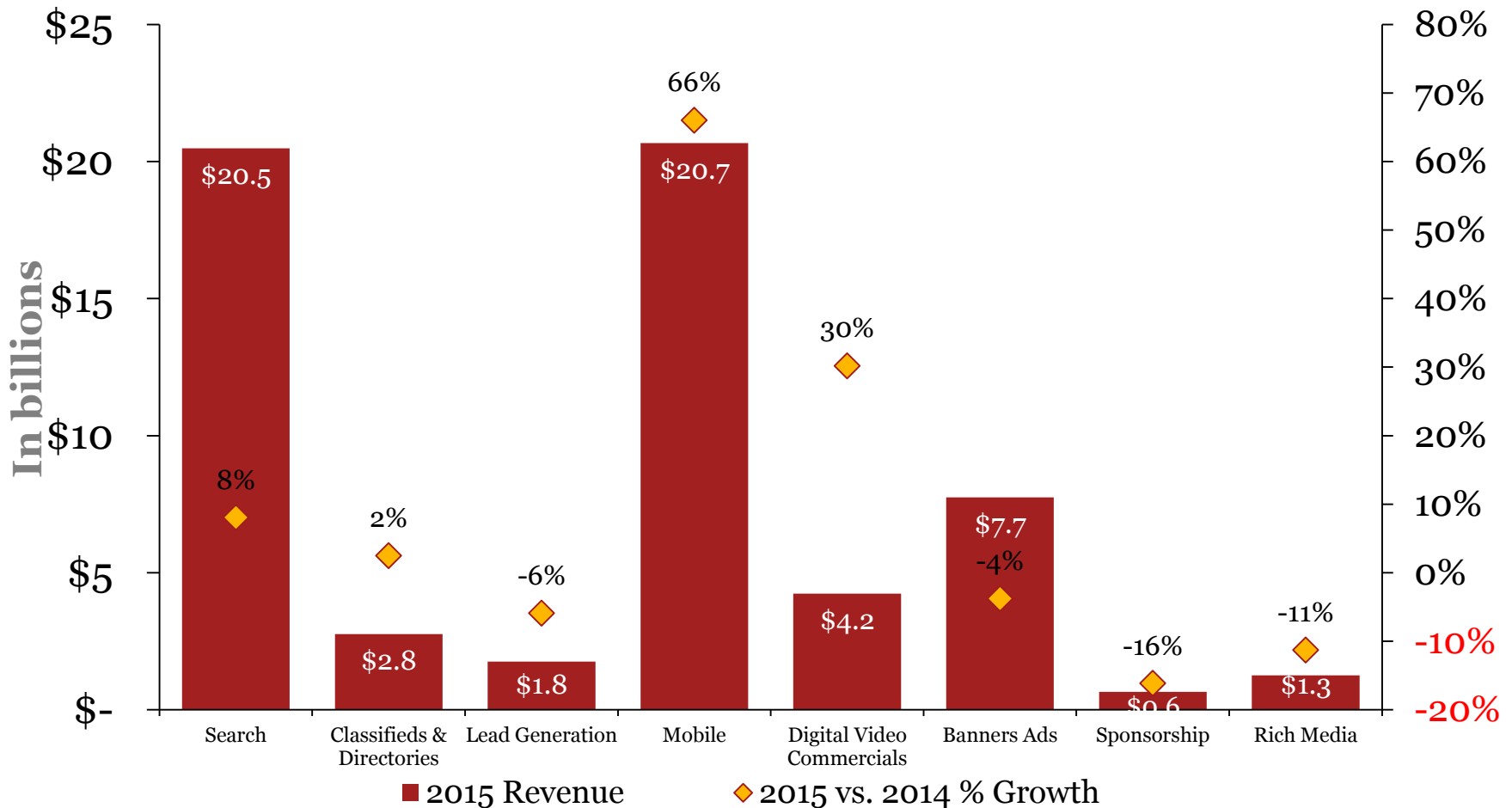
Annual revenue 2005-2015



* CAGR: Compound Annual Growth Rate
 Source: IAB Internet Advertising Revenue Report, FY 2015

Mobile showed the strongest YoY growth

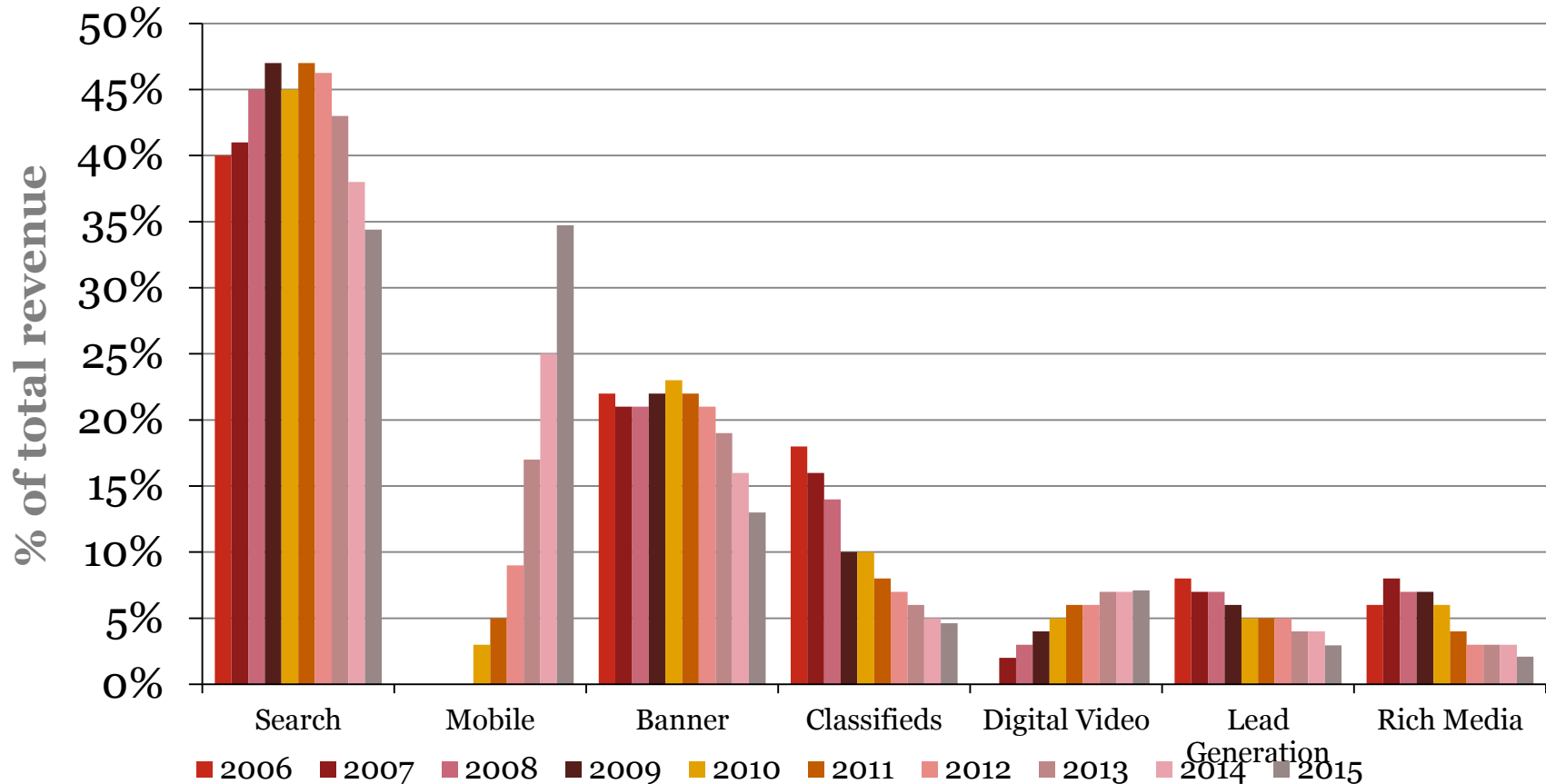
Advertising formats – 2015 results and growth rates



Source: IAB Internet Advertising Revenue Report, FY 2015

Historical trends in internet advertising formats

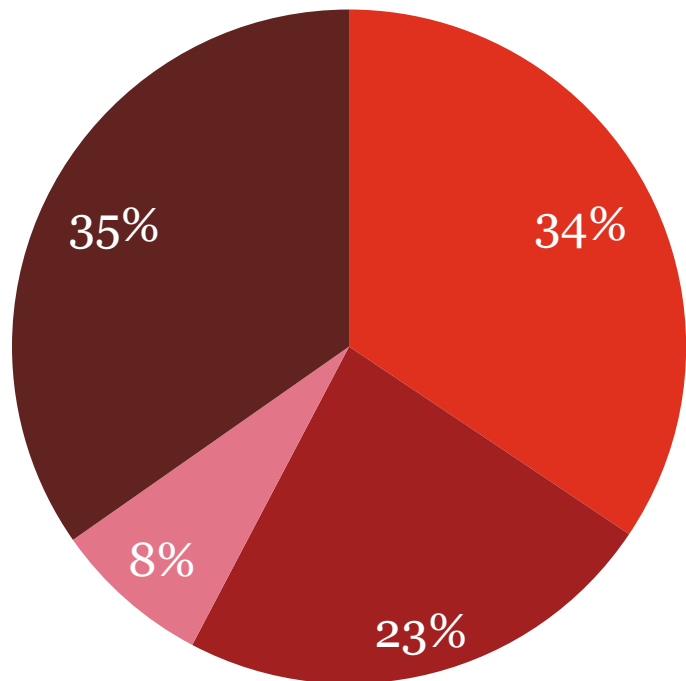
Revenue share by major ad formats, 2006–2015



Source: IAB Internet Advertising Revenue Report, FY 2015

Distributing Mobile across formats demonstrates its importance to Search and Display

Formats –2015
(Mobile separated)

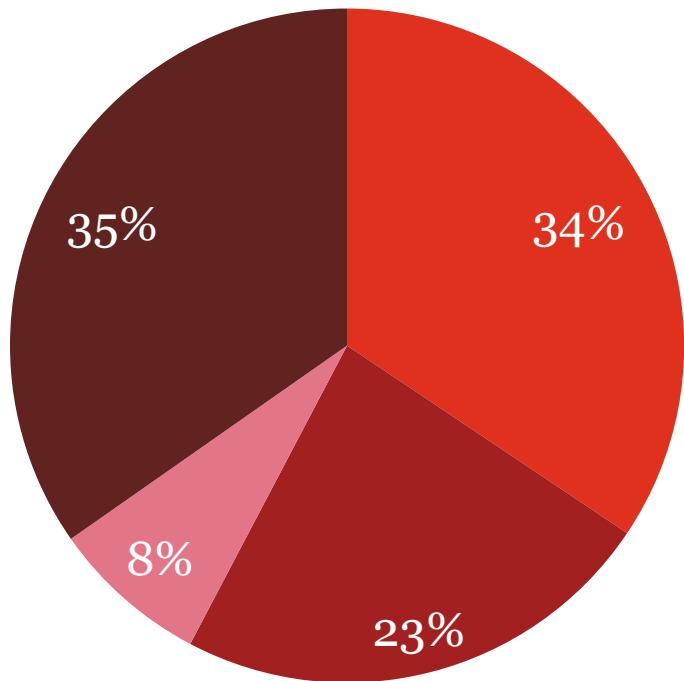


■ Search ■ Display ■ Other ■ Mobile

Source: IAB Internet Advertising Revenue Report, FY 2015

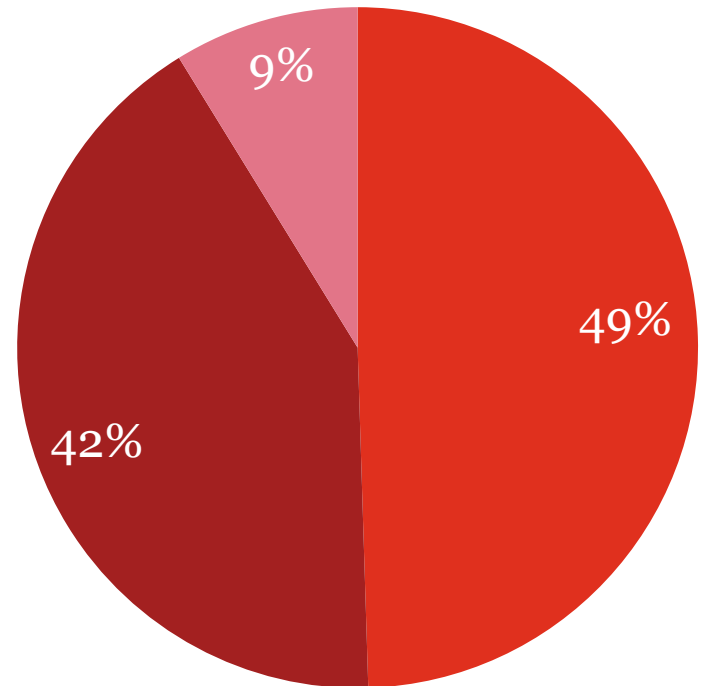
Distributing Mobile across formats demonstrates its importance to Search and Display

Formats –2015
(Mobile separated)



■ Search ■ Display ■ Other ■ Mobile

Formats –2015
(Mobile included)

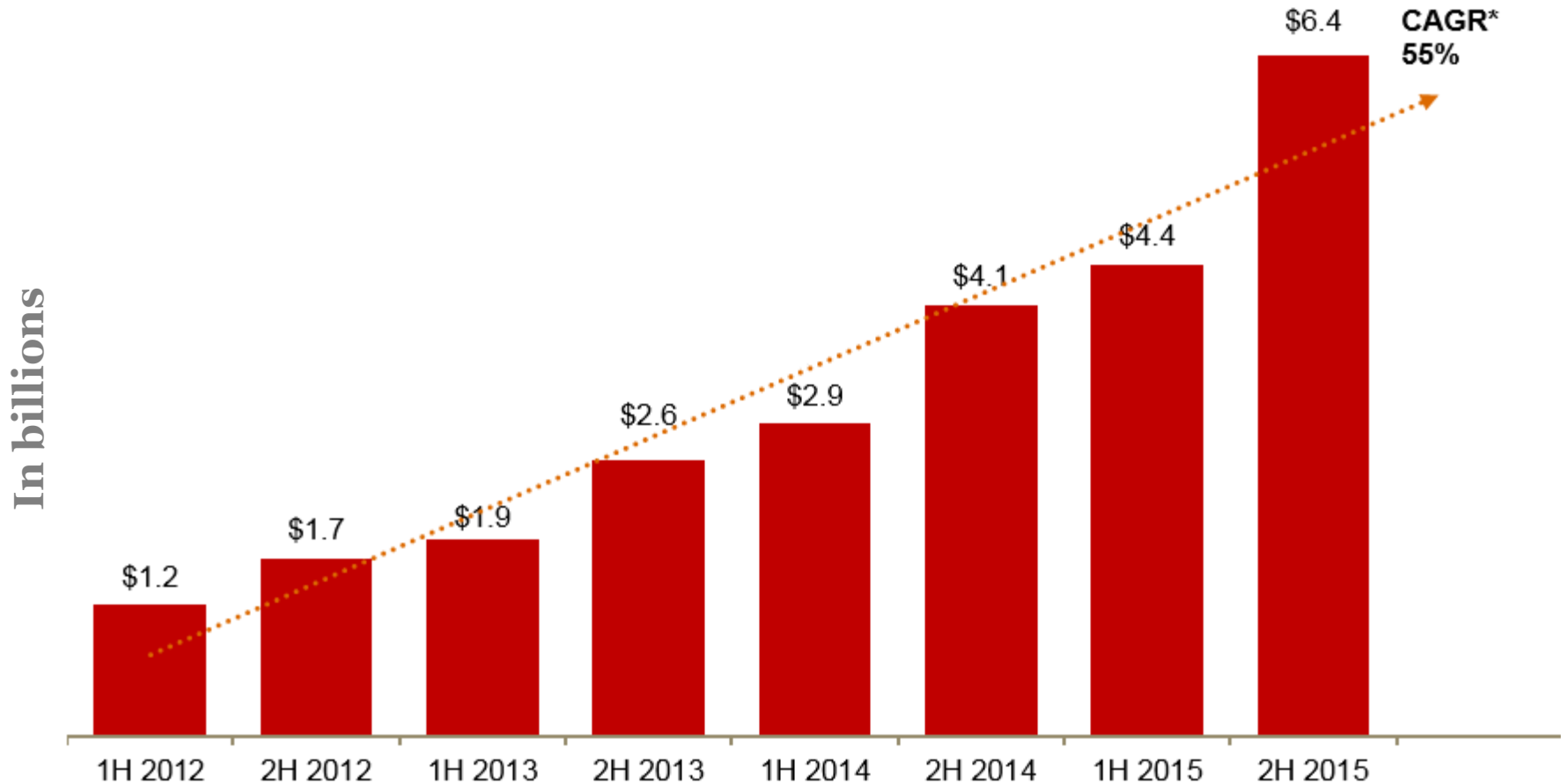


■ Search ■ Display ■ Other

Source: IAB Internet Advertising Revenue Report, FY 2015

Social media demonstrated continued growth

Social media ad revenues, 2012 –2015

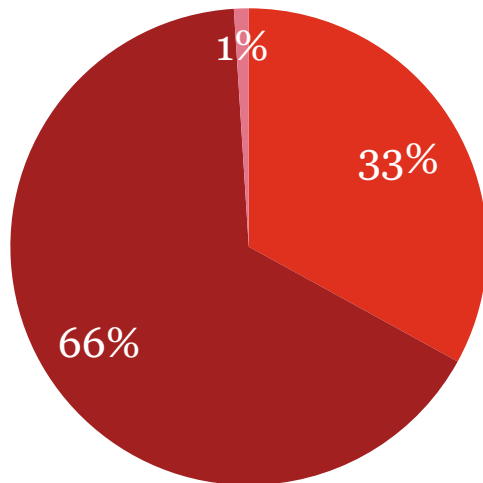


* CAGR: Compound Annual Growth Rate
Source: IAB Internet Advertising Revenue Report, FY 2015

Hybrid-based pricing showed slight uptick

Internet ad revenues by pricing model, 2014 vs. 2015

2014

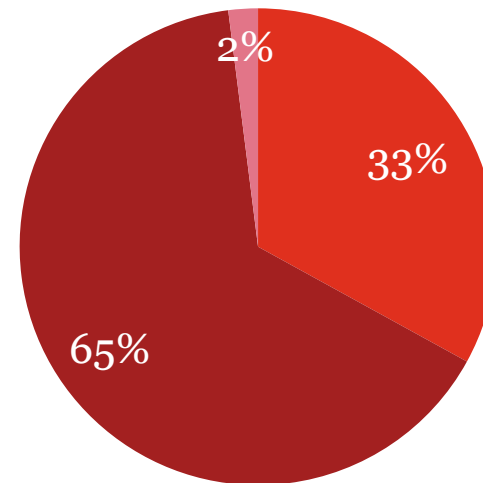


■ Impression-based ■ Performance-based
■ Hybrid

Total – \$49.5 billion

Source: IAB Internet Advertising Revenue Report, FY 2015

2015

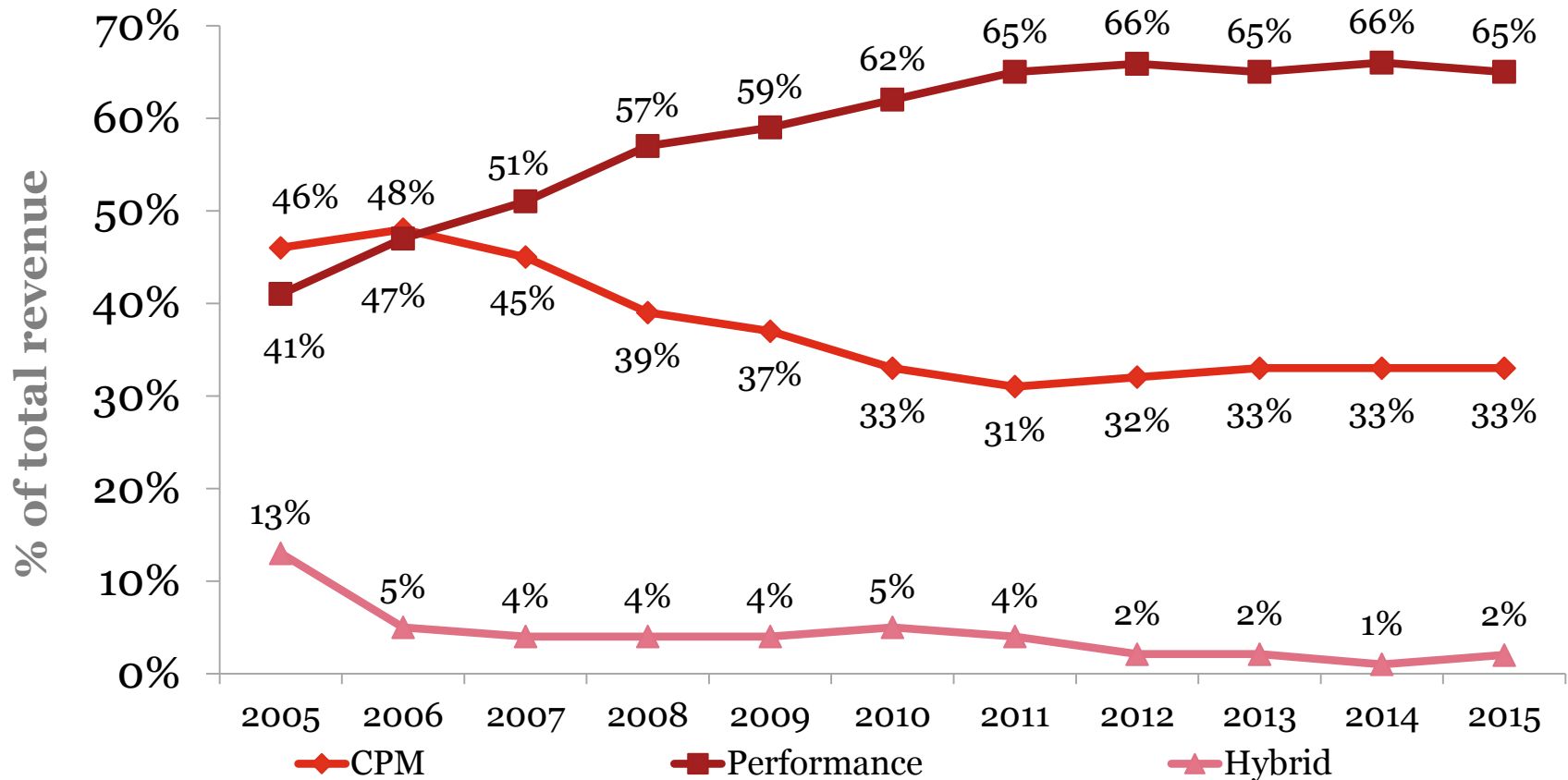


■ Impression-based ■ Performance-based
■ Hybrid

Total – \$59.6 billion

Historical pricing model trends

Internet ad revenues by pricing model, 2005–2015

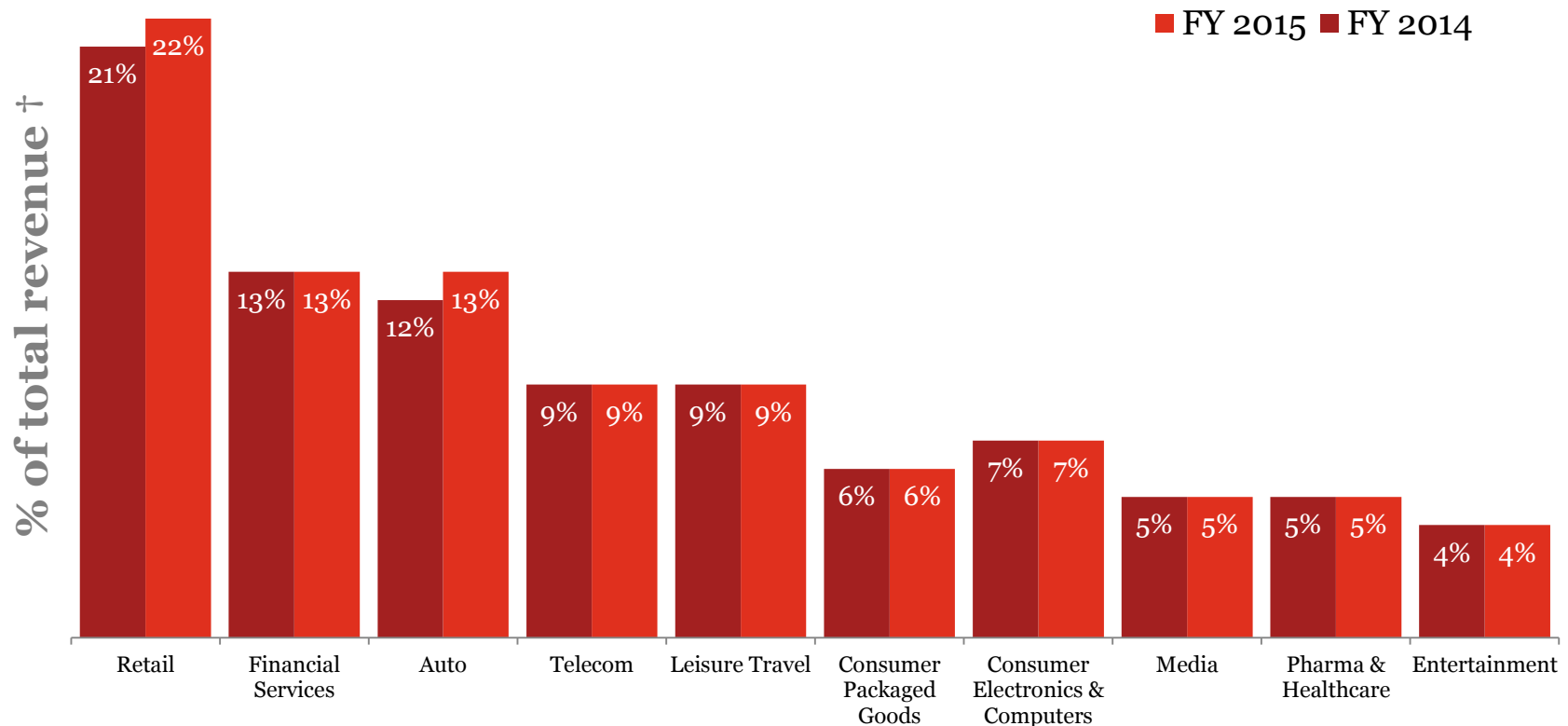


Note: Pricing model definitions may have changed over the time period depicted both within the survey process and as interpreted by respondents

Source: IAB Internet Advertising Revenue Report, FY 2015

Internet ad revenues by major industry category

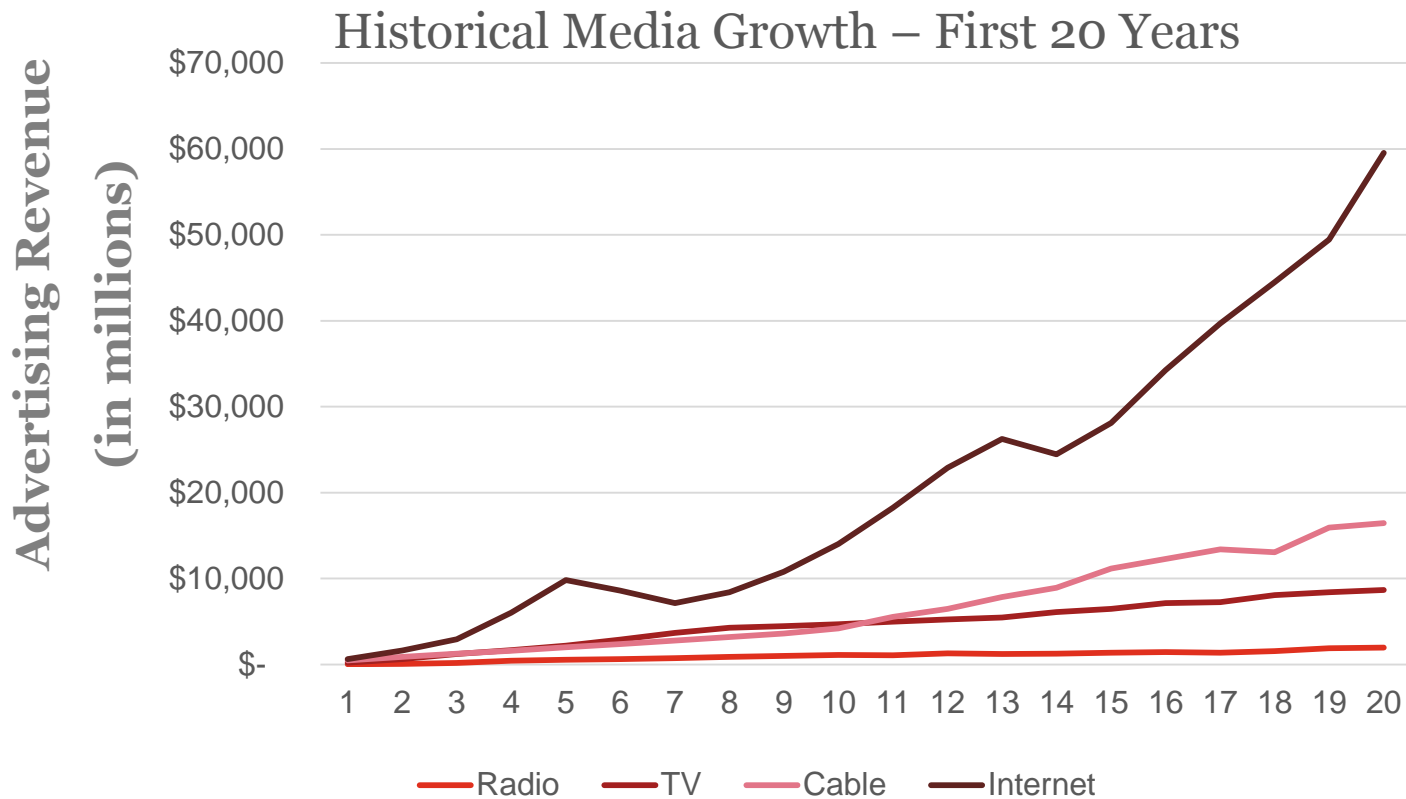
\$49.5 B in 2014 vs. \$59.6 B in 2015



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

Source: IAB Internet Advertising Revenue Report, FY 2015

Historical 20 year advertising revenue growth, by major broadcast media type



Growth rate has been adjusted for inflation

Sources: Douglas Galbi (purple notes) and IAB Internet Advertising Revenue Report, FY 2015

PwC's Technology and Entertainment, Media, and Communications practices

As business, accounting, and tax advisors to many of the world's leading Entertainment, Media, and Communications (EMC) and Technology (Tech) companies, PwC (www.pwc.com) has an insider's view of trends and developments driving the industry. With approximately 1,200 practitioners serving EMC and Tech clients in the United States, PwC is deeply committed to providing clients with industry experience and resources. In recent years, our pioneering work in EMC and Tech has included developing strategies to leverage digital technology, identifying new sources of financing, and marketplace positioning in industries characterized by consolidation and transformation. Our experience reaches across all geographies and segments of the EMC and Tech sectors, including broadband, wireless, the internet, music, film, television, publishing, advertising, gaming, theme parks, computers and networking, and software. With thousands of practitioners around the world, we're always close at hand to provide deep industry knowledge and resources.

Our services include:

- Business assurance services
- Web audience measurement and advertising delivery auditing and advisory
- IAB Measurement Certification Compliance auditing
- Privacy policy structuring, attestation, and compliance advisory
- Mergers & acquisitions assistance
- Tax planning and compliance
- Capital sourcing and IPO assistance
- Marketing & Media operations enablement

Technology and Entertainment, Media, and Communications practices

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