Agenda

Survey methodology
2015 full year results
Full year and quarterly trends
Advertising formats
Social media
Pricing models
Industry category spending
Historical advertising growth of media
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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...

In billions

FY 2014

$49.5

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
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

Q4 2015 revenues crossed $17 billion for the first time

Source: IAB Internet Advertising Revenue Report, FY 2015
PwC
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

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<th>Mobile</th>
<th>Non-Mobile</th>
<th>Total</th>
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<tr>
<td>2015</td>
<td>59.6</td>
<td>59.6</td>
<td>119.2</td>
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</tbody>
</table>

* CAGR: Compound Annual Growth Rate

Source: IAB Internet Advertising Revenue Report, FY 2015

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* *Mobile CAGR: 9%
  Non-mobile CAGR: 17%*
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: 35%
- Display: 34%
- Other: 23%
- Mobile: 8%

Source: IAB Internet Advertising Revenue Report, FY 2015

April 2016
Distributing Mobile across formats demonstrates its importance to Search and Display

**Formats – 2015**
(Mobile separated)

- Search: 35%
- Display: 34%
- Other: 8%
- Mobile: 23%

**Formats – 2015**
(Mobile included)

- Search: 49%
- Display: 42%
- Other: 9%

Source: IAB Internet Advertising Revenue Report, FY 2015

PwC

April 2016
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: 66%
- Performance-based: 33%
- Hybrid: 1%

Total – $49.5 billion
Source: IAB Internet Advertising Revenue Report, FY 2015

2015
- Impression-based: 65%
- Performance-based: 33%
- Hybrid: 2%

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

Historical Media Growth – First 20 Years

Advertising Revenue (in millions)

- $70,000
- $60,000
- $50,000
- $40,000
- $30,000
- $20,000
- $10,000
- $-

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20

Radio  TV  Cable  Internet

Growth rate has been adjusted for inflation
Sources: Douglas Galbi (purple motes) 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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