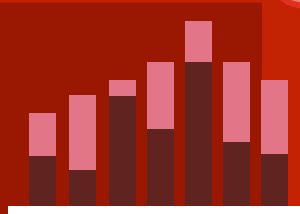


www.pwc.com
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IAB internet advertising revenue report

2017 first six-months results

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Agenda

Survey methodology

First six-months and quarterly trends

Mobile trends

Advertising formats

Social media

Audio

Pricing models

About PwC

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 (desktop and mobile) advertising revenues;
- Making the survey as inclusive as possible, encompassing all forms of internet advertising, including websites, consumer online services, ad networks and exchanges, mobile devices; and
- Ensuring and maintaining a confidential process, only releasing aggregate data.

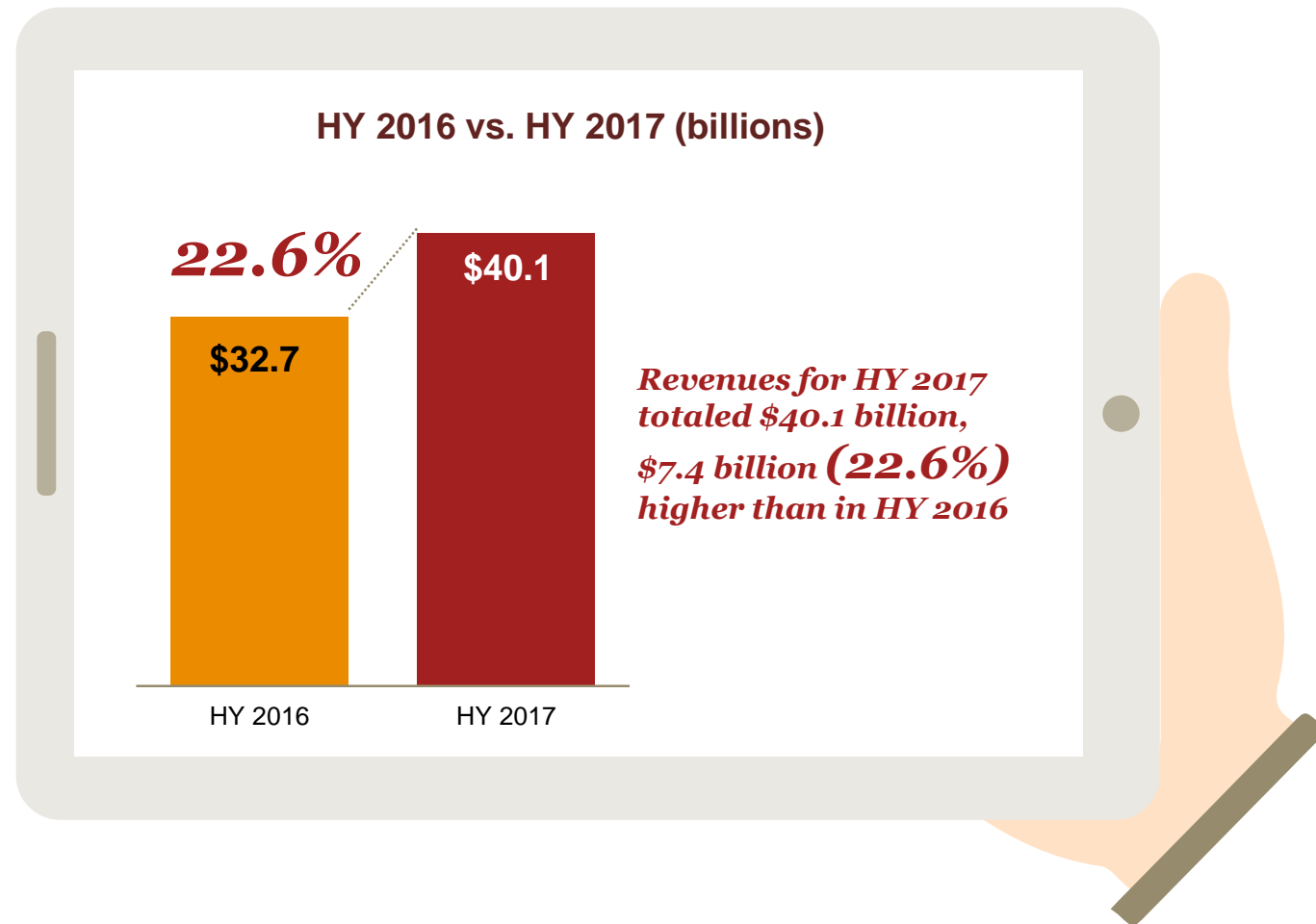
Methodology

Throughout the reporting process, PwC:

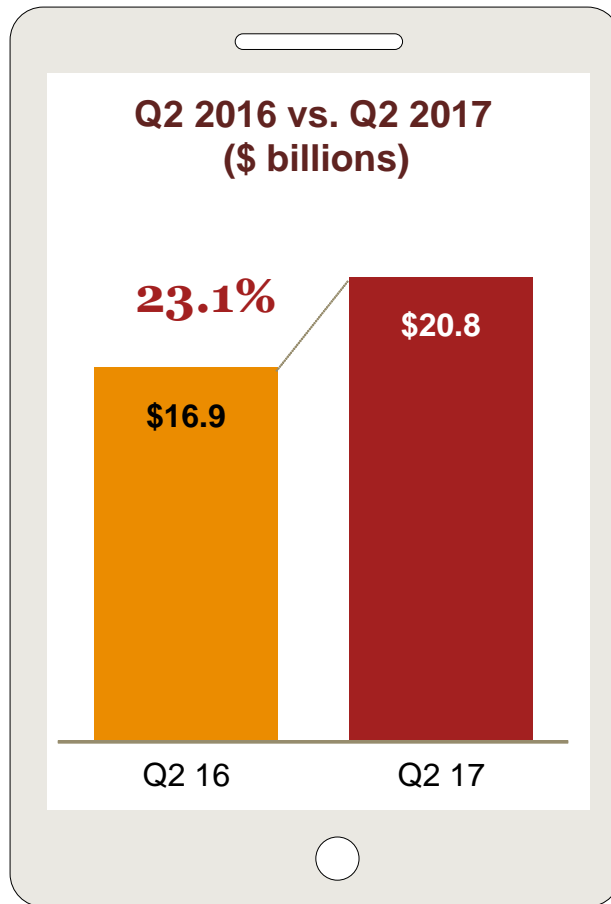
- Compiles a database of industry participants selling internet advertising revenues.
- Conducts a quantitative mailing survey with leading industry players, including web publishers, ad networks, commercial online service providers, mobile providers, and other online media companies.
- Requests and compiles several specific data items, including monthly gross commissionable advertising revenue by industry category and transaction.
- Acquires supplemental data through the use of publicly disclosed information.
- 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 \$40.1 billion in 2017

Revenues for HY 2017 were 22.6% higher than in HY 2016

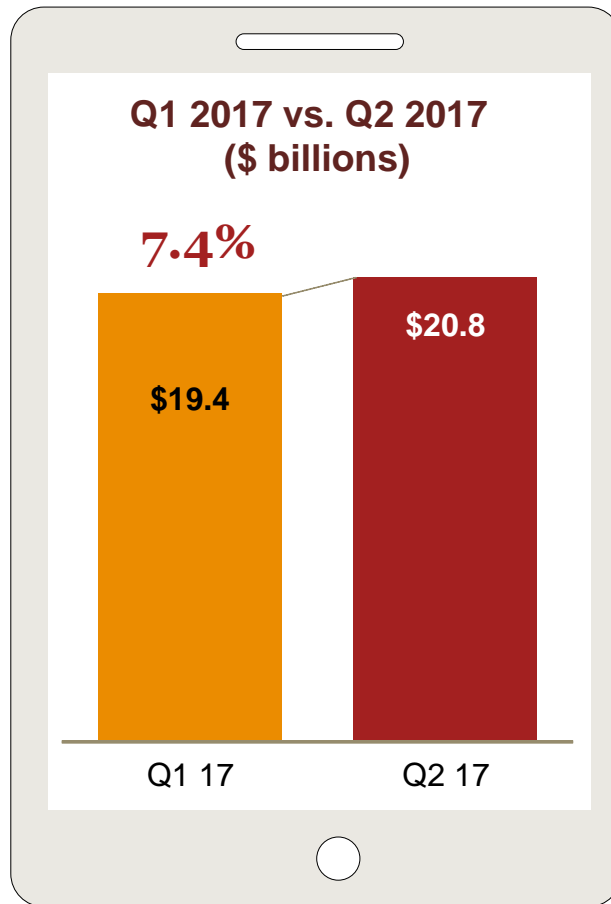


2017 second quarter revenues totaled \$20.8 billion



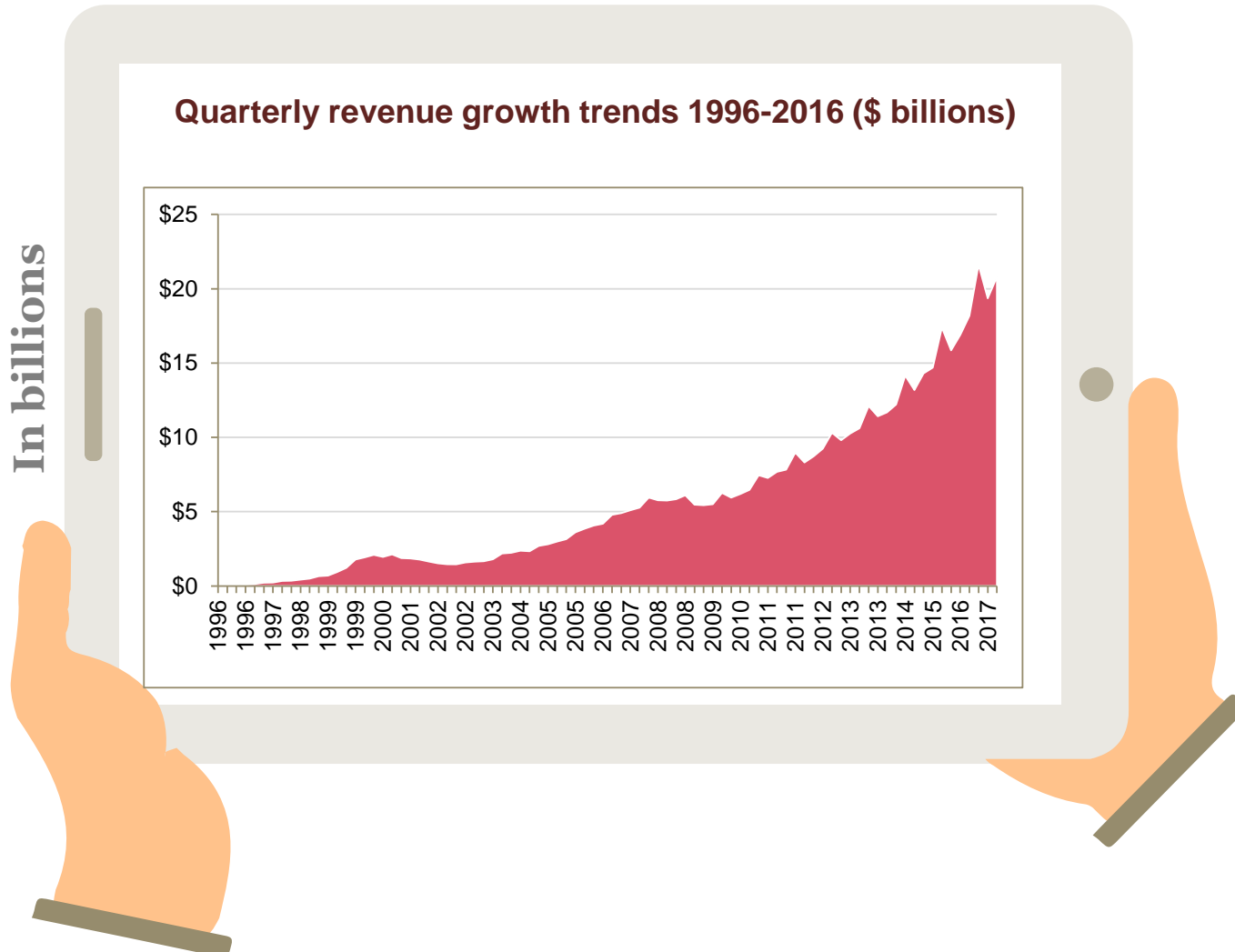
***Revenue in Q2
2017 was \$3.9
billion higher
than in Q2 2016***

Strong growth between Q1 2017 and Q2 2017



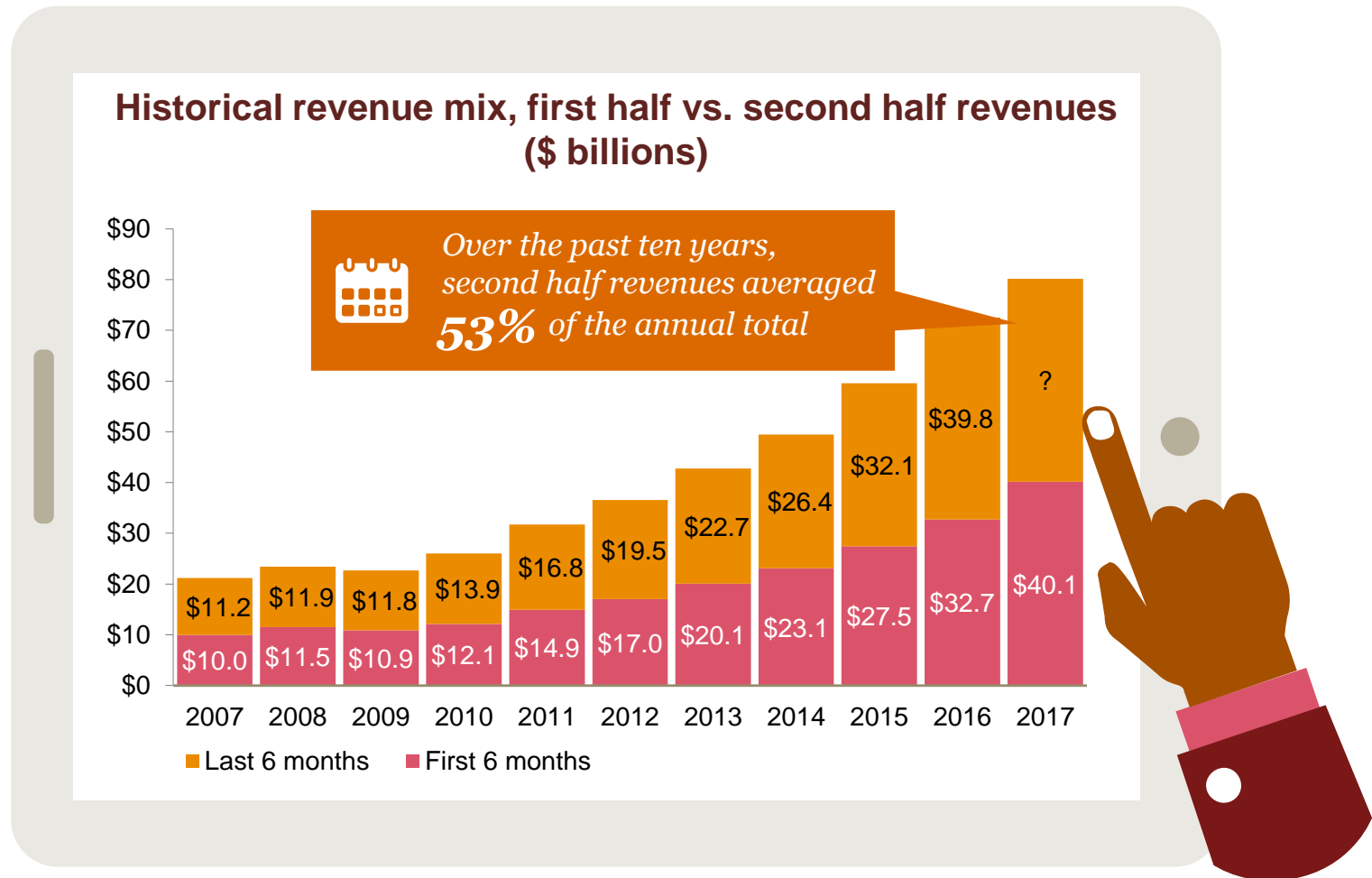
***Revenue in Q2
2017 was 7.4%
billion higher
than in Q1 2017***

Since 2010, a strong seasonal trend has emerged for internet advertising revenues
Quarterly growth comparison, 1996–HY 2017



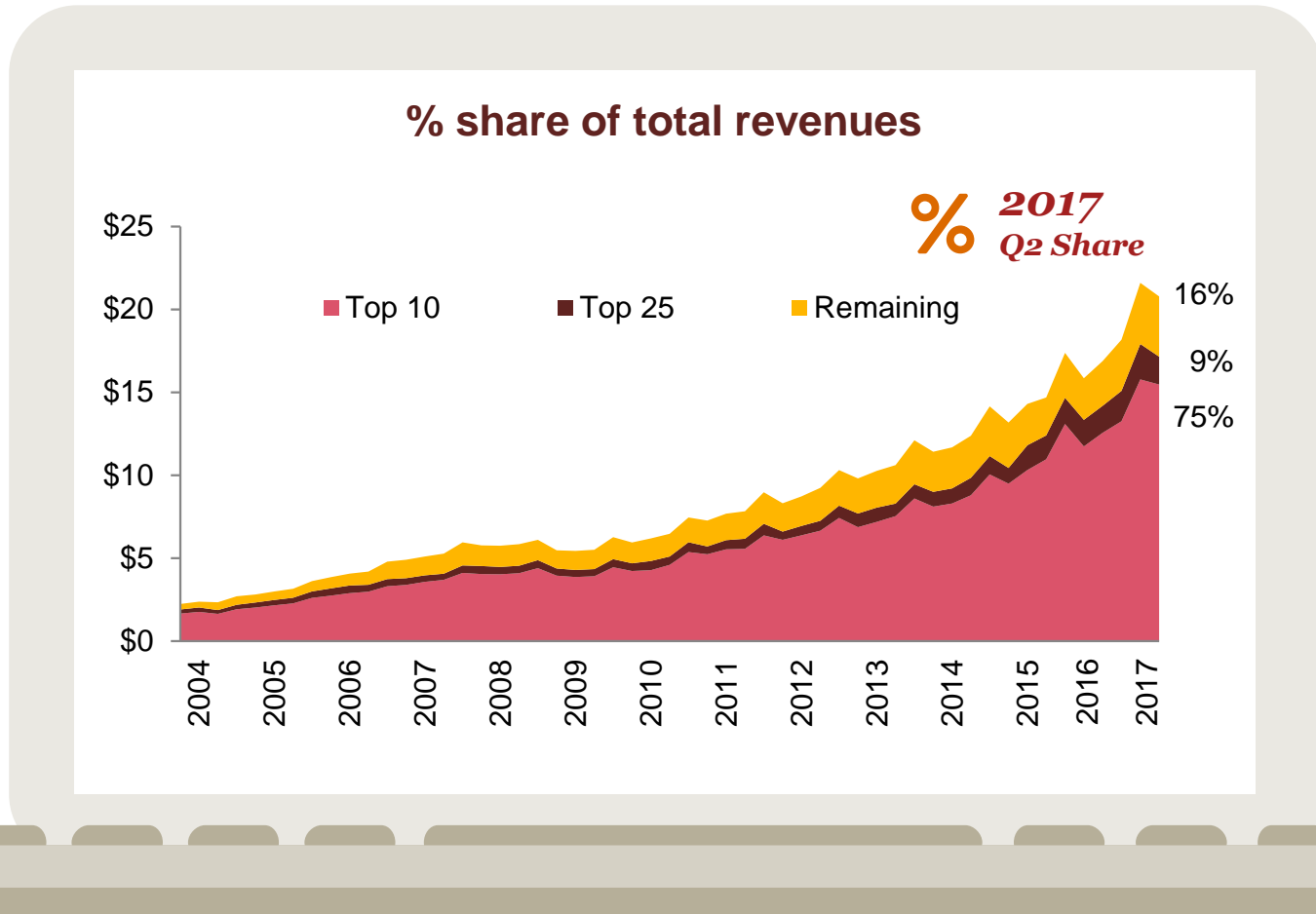
Half year 2017 shows record revenues of \$40.1b

Historical revenue mix, first half vs. second half



Source: IAB Internet Advertising Revenue Report, HY 2017

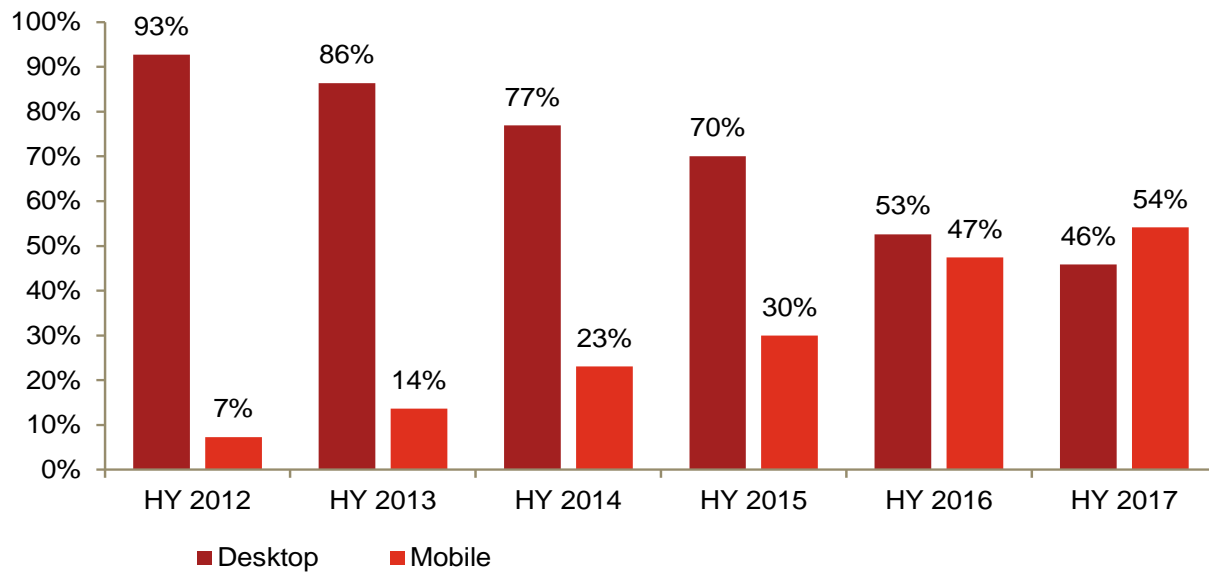
Top 25 companies commanded 84% of revenues in Q2 2017



Source: IAB Internet Advertising Revenue Report, HY 2017

Historical Trends: Desktop vs. Mobile

The shift to mobile continues



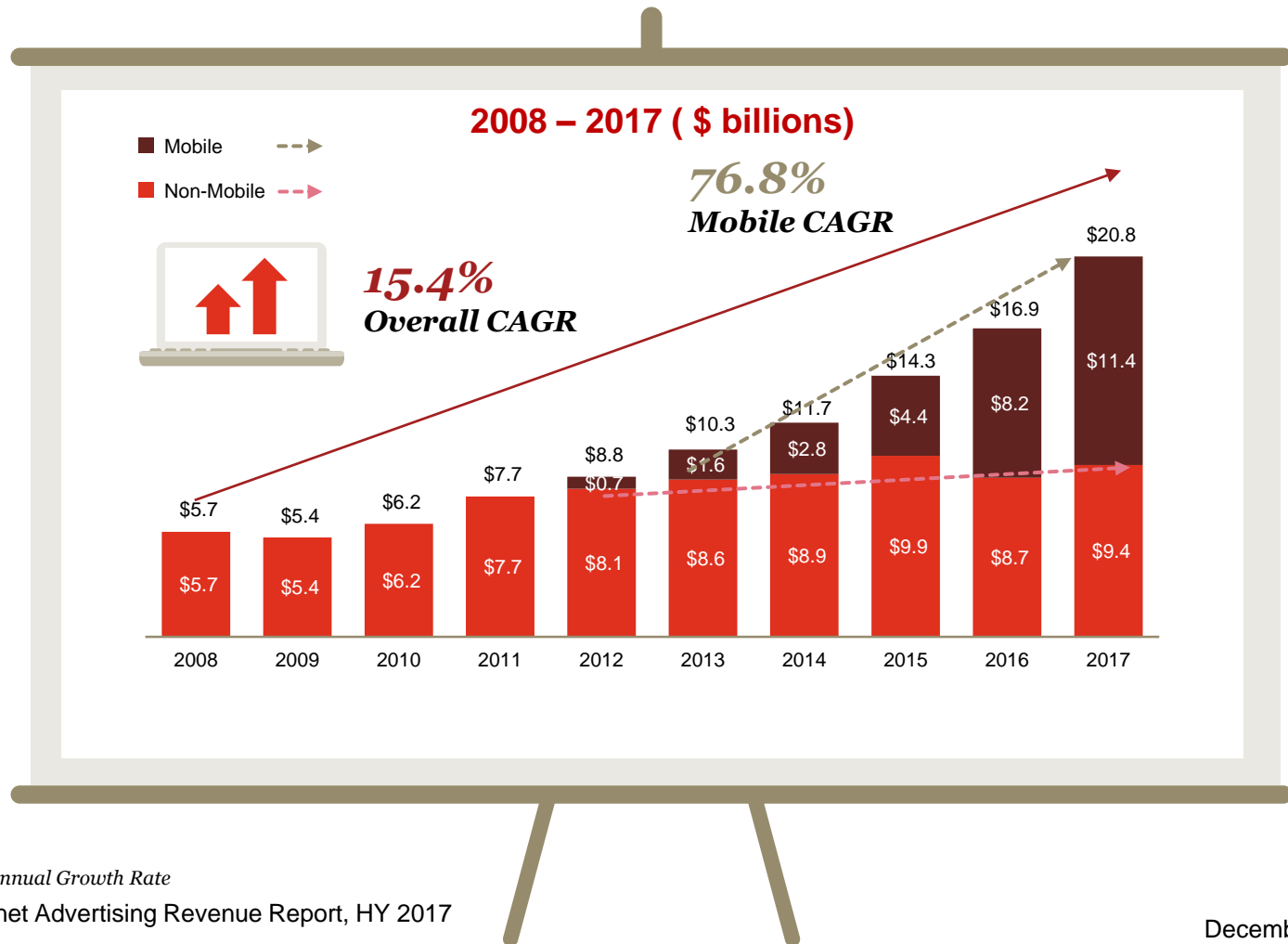
Source: IAB Internet Advertising Revenue Report, HY 2017

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Mobile growth driving the overall industry growth rate

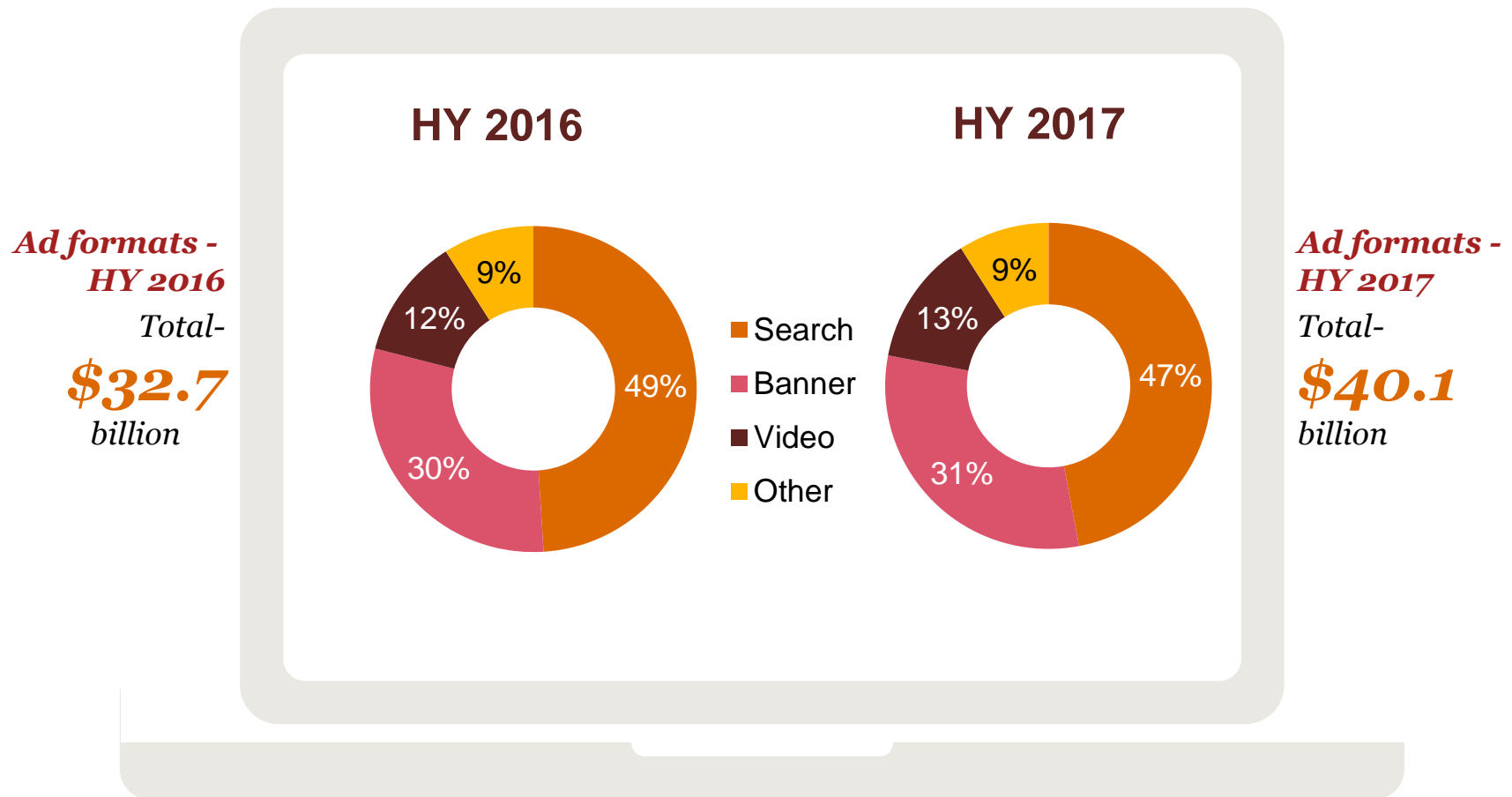


* CAGR: Compound Annual Growth Rate

Source: IAB Internet Advertising Revenue Report, HY 2017

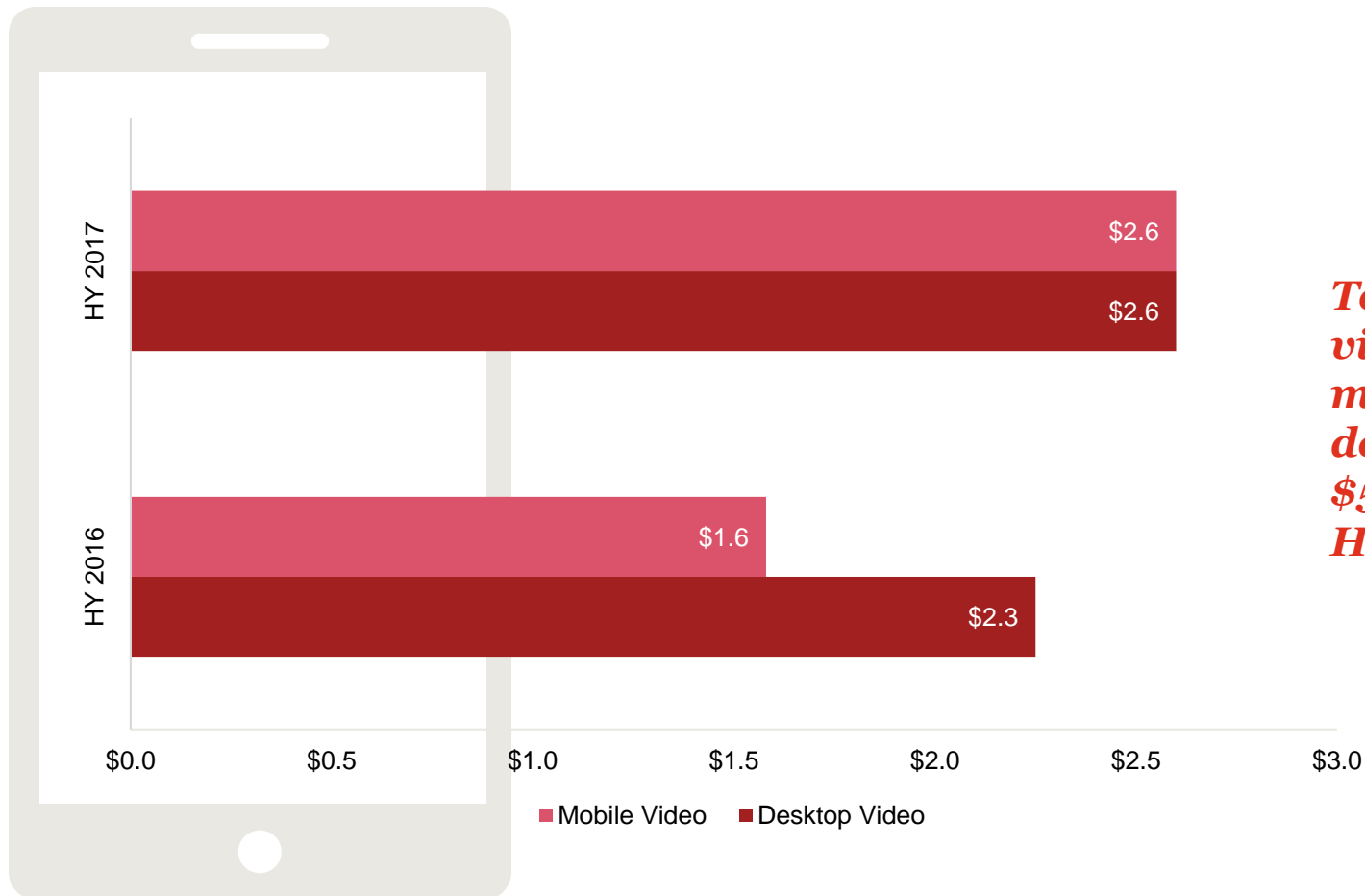
Advertising formats – HY 2017

Banner and video increase share as search declines



Source: IAB Internet Advertising Revenue Report, HY 2017

Digital video is split across devices



Total digital video, including mobile and desktop, rose to \$5.2 billion in HY 2017

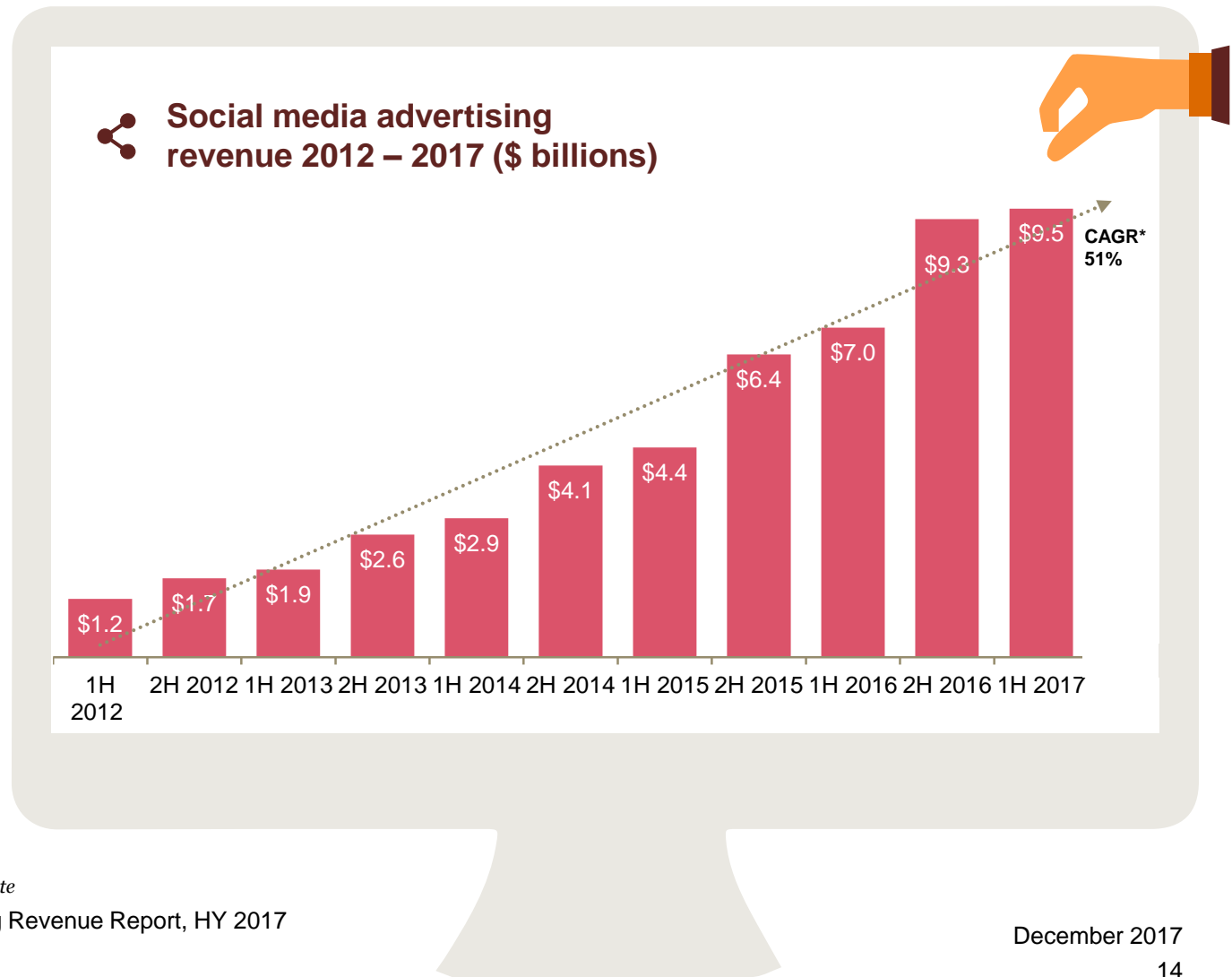
Historical Digital Video Revenues, Half Year (\$ billions)

Source: IAB Internet Advertising Revenue Report, HY 2017

Social media demonstrates continued growth

Social media ad revenues, 2012 – HY 2017

**Half year 2017
ad revenues
from social
media
increased 37%
from half year
2016**



* CAGR: Compound Annual Growth Rate

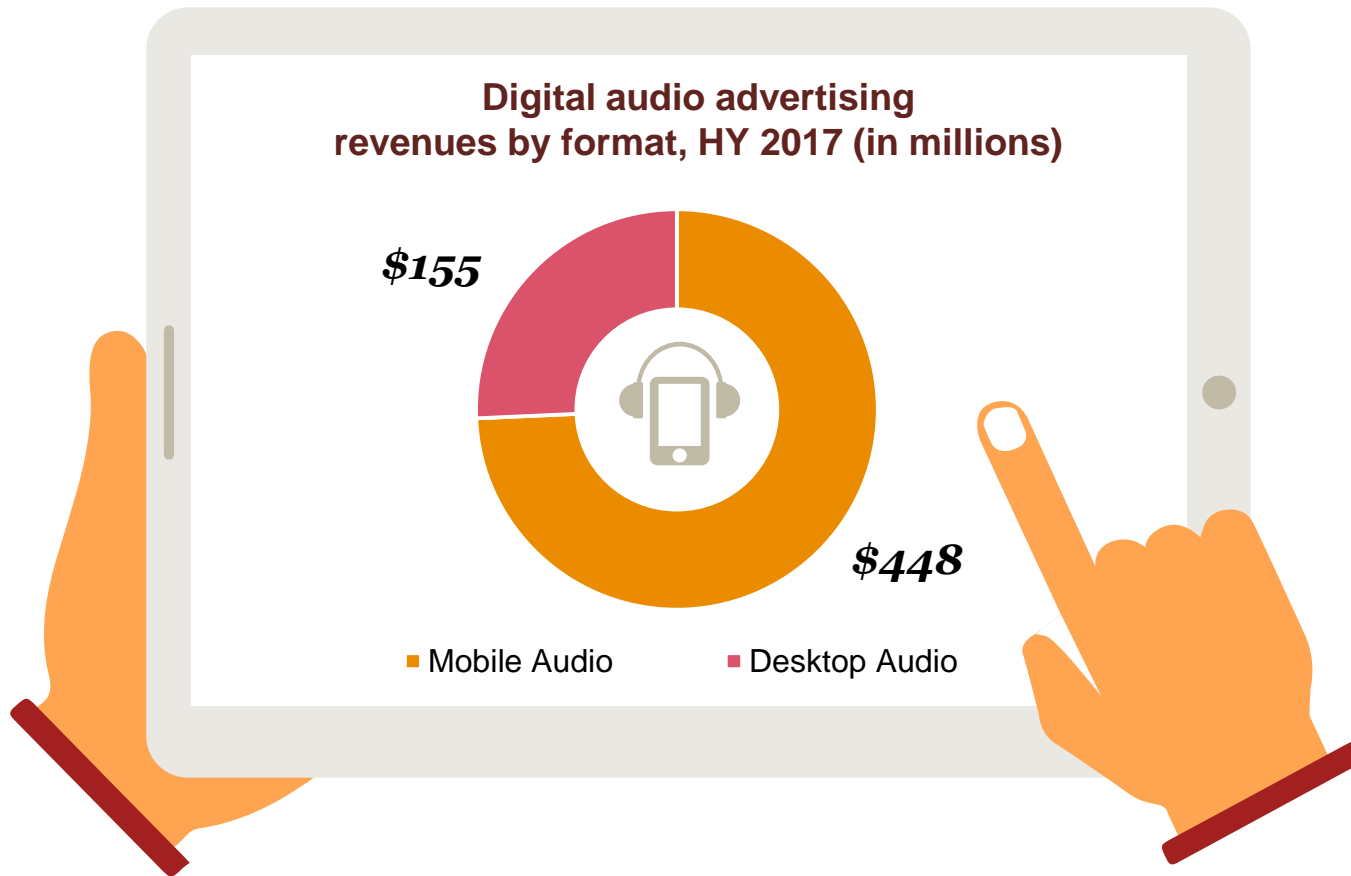
Source: IAB Internet Advertising Revenue Report, HY 2017

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The first six months of 2017 saw \$603 million in audio advertising revenue

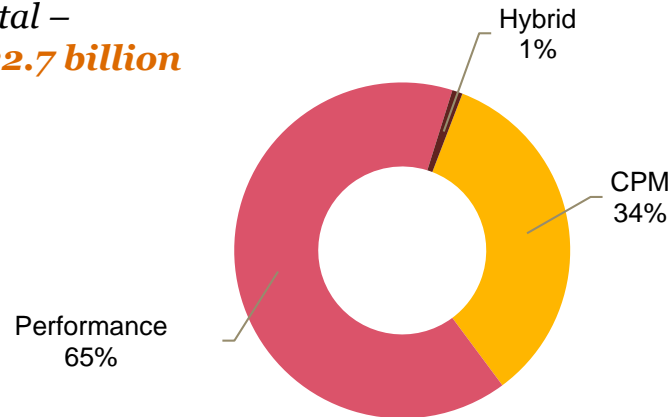


Pricing models

Internet ad revenues by pricing model, HY 2016 vs. HY 2017

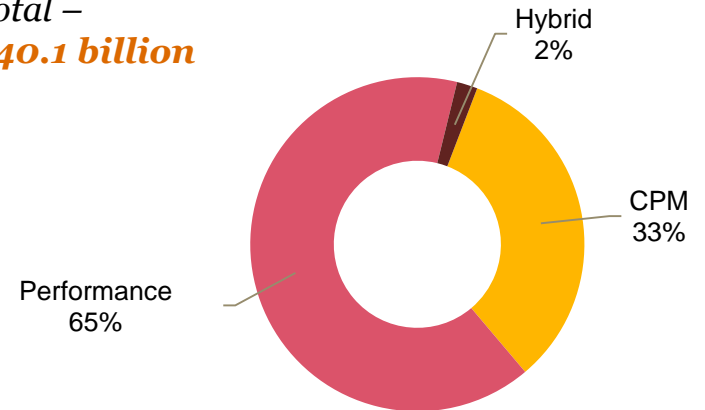
Pricing models – HY 2016

Total –
\$32.7 billion



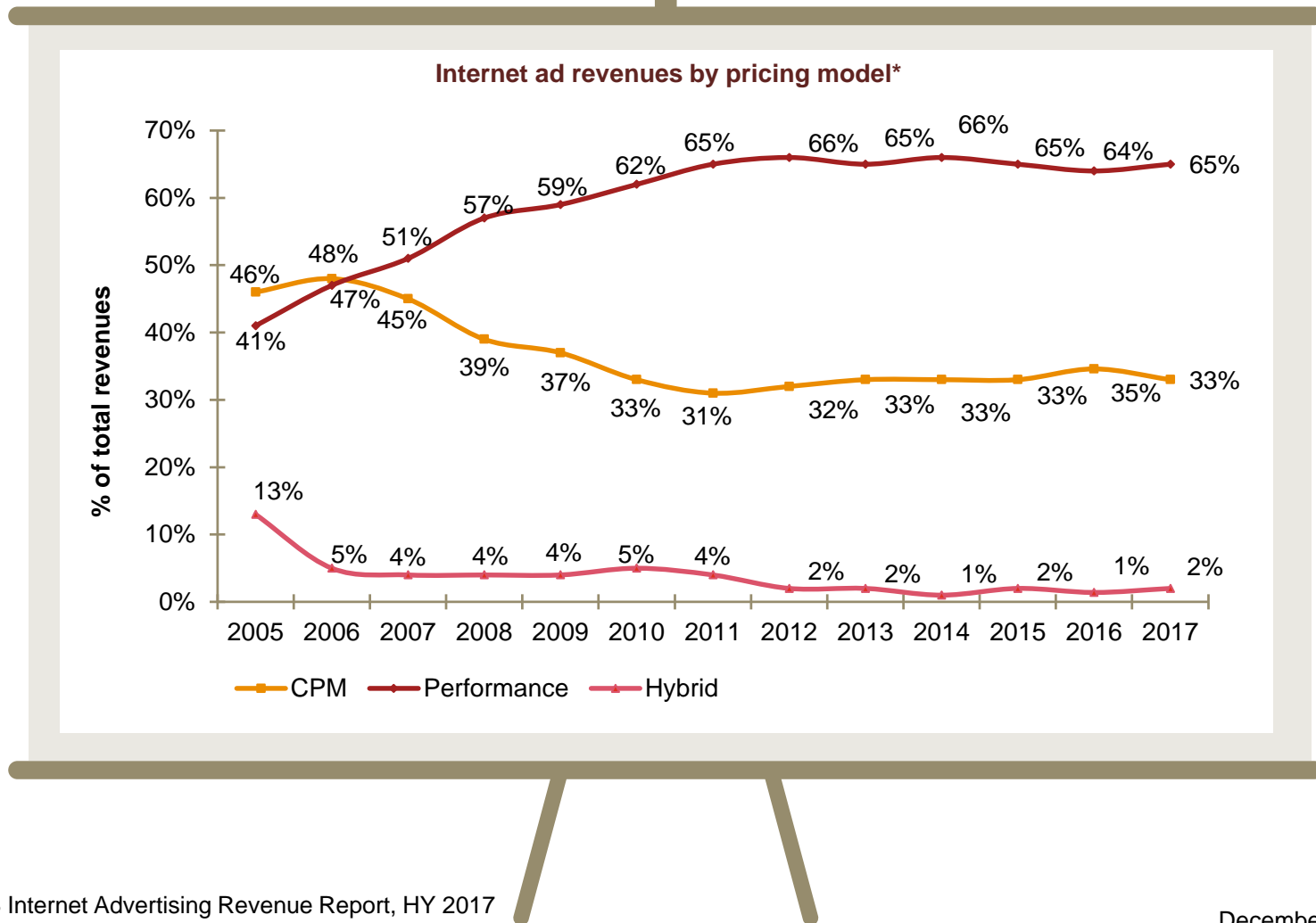
Pricing models – HY 2017

Total –
\$40.1 billion



Historical pricing model trends

Internet ad revenues by pricing model, 2005–HY 2017



Source: IAB Internet Advertising Revenue Report, HY 2017

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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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