Welcome Intro
Sue Hogan, SVP Research and Measurement, IAB

Half Year 2018 and Q2 2018 Digital Ad Revenue Highlights
Kristina Sruoginis, Research Director, IAB

Detailed Analysis of IAB PwC Half Year 2018 and Q2 2018 Report
David Silverman, Partner, PwC

Guest Presentation
Brian Wieser, CFA, Senior Analyst, Pivotal Research

Q & A
Important Notes on Q&A

Journalists and IAB members can ask questions at any time during the presentations. Please type questions into the chat box on the webinar user interface.

- We will create a queue and answer as many questions as possible following the presentations.
- Additional press questions can be directed to Laura Goldberg: Laura.Goldberg@iab.com
- Additional questions from IAB members can be directed to Kristina Sruoginis: Kristina@iab.com

The presentations and report will be available for download after the webinar at: https://www.iab.com/adrevenuereport
Half Year 2018 and Q2 2018

IAB Internet Advertising Revenue Report

Highlights

Kristina Sruoginis, Research Director, IAB
Half Year 2018 Year-Over-Year Digital Ad Revenue Growth

The Nielsen Company estimates traditional media revenues for HY 2018 increased 3% from HY 2017.

HY 2017 numbers have been restated to reflect the inclusion of podcast revenue.


IAB Half Year 2018 and Q2 2018 Internet Advertising Revenue Report
Mobile Has Grown to Account for Nearly Two-Thirds of Digital Ad Revenue for HY ‘18

Mobile as a Percentage of Digital Ad Revenue Growth (HY 2017 vs. HY 2018)

$40.3

$49.5

$40

$50

$60

$30.9

$30

$20

$21.8

$10

$10

$0

54% was Mobile

$40.3

23% Total Growth

63% is Mobile

$30.9

$49.5

Mobile Ad Revenue

Total Digital (Desktop + Mobile) Ad Revenue

HY 2017 numbers have been restated to reflect the inclusion of podcast revenue.
Most Users Access the Internet from Both Mobile and Desktop

Unique Monthly Users by Device

Desktop, Tablet or Smartphone (Mobile Browser or Apps)

- 14% Desktop Only
- 64% Both
- 22% Mobile Only

However, Most Time Spent Online Tends to be on a Mobile Device

- Nearly three-quarters of all internet time is spent on a mobile device

Time Spent Online by Device
Avg. Monthly Online Minutes
Desktop, Tablet or Smartphone (Mobile Browser or Apps)

29% Desktop
71% Mobile

Mobile Ad Revenue is Catching Up to Consumer Usage

Mobile as a Percent of Digital
Time Spent vs. Ad Revenue

<table>
<thead>
<tr>
<th>Media Time: 0:00</th>
<th>Ad Dollars: $$</th>
</tr>
</thead>
<tbody>
<tr>
<td>29% Desktop</td>
<td>37% Desktop</td>
</tr>
<tr>
<td>71% Mobile</td>
<td>63% Mobile</td>
</tr>
</tbody>
</table>

Time Spent Online
Half Year 2018 (Monthly Avg.)

Ad Revenue
Half Year 2018

ComScore US Media Metrix Multi-Platform, Total Internet Time Spent (MM) in an avg. month Jun. '17 – Jun. 18

IAB Digital Trends: Consumer Usage, Ad Revenue and Impact HY 2018 Report
Half Year 2018 Ad Revenue: Digital vs. Traditional Media

Half Year 2018 Ad Revenue ($ Billions)

<table>
<thead>
<tr>
<th>Media Type</th>
<th>Revenue ($ billions)</th>
<th>Change YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Digital*</td>
<td>49.5</td>
<td>23%</td>
</tr>
<tr>
<td>Broadcast TV**</td>
<td>26.6</td>
<td>5%</td>
</tr>
<tr>
<td>Cable TV**</td>
<td>14.6</td>
<td>16%</td>
</tr>
<tr>
<td>Magazines**</td>
<td>5.2</td>
<td>-15%</td>
</tr>
<tr>
<td>Newspaper**</td>
<td>3.6</td>
<td>-8%</td>
</tr>
<tr>
<td>Radio**</td>
<td>2.7</td>
<td>-3%</td>
</tr>
</tbody>
</table>

Source:
* IAB Internet Ad Revenue Report

As of June 2017, Nielsen stopped tallying internet revenue.
According to Nielsen, traditional media revenues increased 1% from Q2 2017 to Q2 2018.
Average CPM Monthly Trend: Display and In-Stream Video

WebCosts Database Display and In-Stream Video Average CPM Comparison
All sites / All Categories

**In-Stream Video**
7/16 – 6/17 Avg. CPM: $24.48
7/17 – 6/18 Avg. CPM: $25.63
+5%

**Display**
7/16 – 6/17 Avg. CPM - $14.65
7/17 – 6/18 Avg. CPM - $14.49
-1%
Nine Category Average Display CPM Monthly Trend

Average of All Sites in Category for Reported Month
(July, 2017–June 2018)

- Automotive
- Entertainment
- Finance/Insurance/Investment
- News & Information
- Travel
- Corporate Information
- Family & Lifestyles
- Home & Fashion
- Search Engines/Portals & Communities
- Average

SQAD Copyright(c) 2009-2016 SQAD LLC - All Rights Reserved
Source: WebCosts Database, SQAD.com
Note: Category titles refer to Nielsen dictionary. Corporate information includes primarily ad networks.
Half Year 2018

IAB Internet Advertising Revenue Report

Formats

Kristina Sruoginis, Research Director, IAB
All Formats Grow from a Year Ago

- **Search**: Total search ad revenue (mobile + desktop) is up 19% to $22.8 billion
- **Banner**: Total banner advertising (mobile + desktop) is up 27% to $15.7 billion
- **Video**: Total video ad revenue (mobile + desktop) is up 35% to $7 billion
- **Audio**: Total audio ad revenue (mobile + desktop) is up 31% to $0.9 billion

*Includes banners, rich media and sponsorships.*
Mobile Advertising Revenue Growth: Half Year 2018 Mobile Revenue Has Grown 10x Since HY’13

US Mobile Ad Revenue ($ Billions)

Half Year, Half Year and % YoY Growth

1st Half Year
2nd Half Year

FY '13 $7.1
FY '14 $12.4
FY '15 $20.7
FY'16 $36.6
FY'17 $49.9
HY'18 $30.9

Growth

FY: 76%
1HY: 75%
FY: 66%
1HY: 54%
FY: 77%
1HY: 89%
FY: 36%
1HY: 41%
FY: 36%
1HY: 42%

Note: Half Year totals accurately reflect the sum of Half Year totals as rounded to two decimal places.
2017 numbers were restated to reflect the addition of podcast revenue.
Shift to Mobile: Mobile Accounts for an Increasingly Large Portion of Each Digital Format

- **Search:**
  - HY 2017: 52% Mobile, 48% Desktop
  - HY 2018: 59% Mobile, 41% Desktop

- **Banner***:
  - HY 2017: 65% Mobile
  - HY 2018: 74% Mobile

- **Video**:
  - HY 2017: 50% Mobile
  - HY 2018: 60% Mobile

- **Audio**:
  - HY 2017: 72% Mobile
  - HY 2018: 73% Mobile

*Includes banners, rich media and sponsorships.  

**Shift to Mobile**

- **% of Format’s Revenue from Mobile**
- **% of Format’s Revenue from Desktop**

IAB Half Year 2018 and Q2 2018 Internet Advertising Revenue Report
Mobile Growth: Strong Mobile Growth Within Digital Formats in HY '17

- **Search**: Mobile search ad revenue is up 37% to $13.5 billion
- **Banner**: Mobile banner advertising is up 45% to $11.7 billion
- **Video**: Mobile video ad revenue is up 61% to $4.2 billion
- **Audio**: Mobile audio ad revenue is up 32% to $0.7 billion

*Includes banners, rich media and sponsorships.*
Total Social Media Revenue (Mobile + Desktop) Continues to Grow by Double-Digits

### US Social Media Ad Revenue ($ Billions)

*Across Formats and Devices*

*Half Year, Half Year and % YoY Growth*

<table>
<thead>
<tr>
<th></th>
<th>1st Half Year</th>
<th>2nd Half Year</th>
<th>Total Half Year</th>
<th>FY '14</th>
<th>FY '15</th>
<th>FY '16</th>
<th>FY '17</th>
<th>HY '18</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>FY '14</strong></td>
<td>$7.0</td>
<td>$4.1</td>
<td>$11.1</td>
<td>$7.0</td>
<td>$6.4</td>
<td>$13.4</td>
<td>$9.5</td>
<td>$13.1</td>
</tr>
<tr>
<td><strong>FY '15</strong></td>
<td>$9.3</td>
<td>$4.4</td>
<td>$13.7</td>
<td>$10.9</td>
<td>$6.4</td>
<td>$17.3</td>
<td>$12.6</td>
<td>$19.9</td>
</tr>
<tr>
<td><strong>FY '16</strong></td>
<td>$16.3</td>
<td>$7.0</td>
<td>$23.3</td>
<td>$16.3</td>
<td>$9.3</td>
<td>$25.6</td>
<td>$19.5</td>
<td>$25.1</td>
</tr>
<tr>
<td><strong>FY '17</strong></td>
<td>$22.2</td>
<td>$9.5</td>
<td>$31.7</td>
<td>$22.2</td>
<td>$12.6</td>
<td>$34.8</td>
<td>$22.1</td>
<td>$36.9</td>
</tr>
</tbody>
</table>

Note: Half Year totals accurately reflect the sum of Half Year totals as rounded to two decimal places.

IAB Half Year 2018 and Q2 2018 Internet Advertising Revenue Report
Total Video Ad Revenue (Mobile + Desktop) Continues to Climb

**US Total Video (Mobile + Desktop) Ad Revenue ($ Billions)**

<table>
<thead>
<tr>
<th>Half Year, Half Year and % YoY Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY '15</td>
</tr>
<tr>
<td>1st Half Year: $5.9</td>
</tr>
<tr>
<td>2nd Half Year: $3.3</td>
</tr>
<tr>
<td>Growth FY: 51% FY: 51%</td>
</tr>
<tr>
<td>FY '16</td>
</tr>
<tr>
<td>1st Half Year: $3.8</td>
</tr>
<tr>
<td>2nd Half Year: $5.1</td>
</tr>
<tr>
<td>Growth FY: 33% 1HY: 51%</td>
</tr>
<tr>
<td>FY '17</td>
</tr>
<tr>
<td>1st Half Year: $5.2</td>
</tr>
<tr>
<td>2nd Half Year: $6.7</td>
</tr>
<tr>
<td>Growth FY: 33% 1HY: 36%</td>
</tr>
<tr>
<td>HY '18</td>
</tr>
<tr>
<td>Total Video (Mobile + Desktop)</td>
</tr>
<tr>
<td>Revenue: $7.0</td>
</tr>
<tr>
<td>1HY: 35%</td>
</tr>
</tbody>
</table>

Note: Half Year totals accurately reflect the sum of Half Year totals as rounded to two decimal places.
*Note that HY'16 video revenue has been restated.*
Digital Video: 220 Million Users Stream 47 Billion Videos per Month

220 Million Users Stream Digital Video in a typical month

47 Billion Videos Streamed in a typical month

Total Audio Ad Revenue (Mobile + Desktop) Grows by Double Digits Year Over Year

Total Audio Ad Revenue (Mobile + Desktop) ($ Millions)
Half Year, Half Year and % YoY Growth

<table>
<thead>
<tr>
<th></th>
<th>1st Half Year</th>
<th>2nd Half Year</th>
<th>Growth FY</th>
<th>Growth 1HY</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY '16</td>
<td>$425 M</td>
<td>$705 M</td>
<td>$1.1B</td>
<td>$1.6B</td>
</tr>
<tr>
<td>1HY:</td>
<td></td>
<td></td>
<td>39%</td>
<td>42%</td>
</tr>
<tr>
<td>FY '17</td>
<td>$603 M</td>
<td>$971 M</td>
<td>$1.6B</td>
<td>$935 M</td>
</tr>
<tr>
<td>1HY:</td>
<td></td>
<td></td>
<td>31%</td>
<td></td>
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<td></td>
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IAB Half Year 2018 and Q2 2018 Internet Advertising Revenue Report
Key Takeaways: Digital Ad Revenue Reaches $49.5 Billion in HY ‘18

- Digital ad revenue continues to grow: Nearly $50 Billion in first half of 2018, up 23%. All formats have grown in revenue.
- Ongoing double-digit growth across formats and platforms in digital persists in an otherwise flat or declining media market.
- Mobile ad revenue, up 42%, has caught up to consumer usage trends:
  - Mobile now accounts for 63% of all digital ad revenue, at $30.9 Billion for HY ’18.
  - This closely matches consumer usage patterns: 71% of online time is spent on a mobile device.
- Video continues to grow substantially:
  - Up 35% to $7 billion for the first half of 2018.
  - Mobile Video is up 61% to $4.2B in HY 2018
  - 14% of all digital ad revenue is from digital video.
- Social is up 38% to $13.1B in HY’18
- Search continues to grow, up 19% to $22.8B in first half of the year.
- Display is up 27% to $15.7 Billion.
- Mobile Search and Mobile Display are approaching parity at $13.5B and $11.7B.
- Brand spend continues to rise:
  - Audio (up 31%), Video (up 35%), and Banner ads (up 27%) have grown substantially
  - CPMs are up year over year (according to SQAD’s WebCosts data)

*Banner advertising includes banner ads, rich media, and sponsorships.
Questions?

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THANK YOU

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