



ASX:MIG

# Appendix

February, 2016



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# Quarterly Results

# Capital strategy to build a digital media company of substantial value

4

	Q4 31 Dec 14	Q1 31 Mar 15	Q2 30 Jun 15	Q3 30 Sep 15	Q4 31 Dec 15	Q1 31 Mar 16
<b>Monthly Active Users (MAUs)</b>	>10m	>14m	>19m	>24m	>32m	>39m
<b>Cash Receipts from Operations (AUD\$'000s)</b>	570	1,100	2,200	3,700	5,300	7,100
<b>Net Operating Cash flows (AUD\$'000s)</b>	(3,723)	(3,240)	(4,208)	(4,400)	(5,210)	(5,610)
<b>Net Other Cash flows (AUD\$'000s)</b>	(265)	339	6,500	9,600	3,200	6,150
<b>Cash (AUD\$'000s)</b>	\$5,300	\$3,200	\$5,400	\$10,800	\$8,700	\$8,900

Results reflect emphasis on establishing user base momentum to gain critical market share in priority markets followed by growth in cash receipts. Expansion of operating margin is planned for 2H 2016 with the ability to move to profitability possibly thereafter. (A number of other TMT companies are listed in the Appendix.)

# Listed Comparatives

# PEER COMPARISON

Name / code	Revenue / market capitalisation (USD)	Monthly active users / footprint	Business model / notes
Facebook (US:FB)	19.76bn*/345bn	1.65bn	Global business. 1 <sup>st</sup> world monetisation
Twitter (US:TWTR)	2.38bn*/10.3bn	310m	Global business. 1 <sup>st</sup> world monetisation
Tencent (HK:0700)	15.8bn*/189.7bn	853m	China focus. International investor in TMT. Monetisation primarily through premium activities such as virtual gifts + games + ecommerce.
Weibo (US:WB)	477.9m*/4.93bn	222m	Miniblog. China Focus. Monetisation through advertising.
Daum (KR:35720)	798m*/6.105bn	48m	Korea focussed. Monetisation through premium activities (virtual gifts + games)
Momo (US:MOMO)	133.99*/2.51bn	69.8m	China focussed dating-centric social network. Monetisation through premium activities (gifts)
yy.Com (US:YY)	906m*/2.831bn	140m	China focussed video chatrooms. Monetisation through premium activities (gifts)
tian.ge (HK:1980)	104m/1.06bn	17.4m	China focussed video chatrooms. Monetisation through premium activities (gifts)
migme (ASX:mig)	13.6m***/126m	>39m	Android first, emerging markets (non-east asia). Monetisation through premium activites (gifts, games, ecommerce)

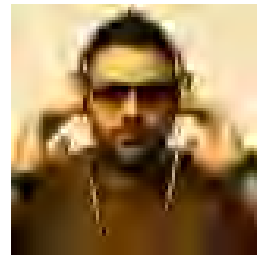
**migme is a unique and differentiated listed social media ecosystem business giving unique investors exposure to the rise of the internet to the next 1bn users.**



# Case Studies



# Spotlight | Badshah asks fans to be next #PunjabRapstar



@badshahofficial

migme 3,000+



3,600,000+



349,000+



44,100+

Badshah is a popular Indian rapper from Delhi known for his Punjabi and Hindi songs. After hosting a migme live chat, Badshah was inspired to invite his fans to be the next #PunjabRapstar. migme users were asked to submit their lyrics and videos after which Badshah shared a video announcing the winners on his migme and Facebook accounts. This was very much to the delight of fans who sent 29,000+ virtual gifts to express their love for Badshah, and their excitement at being potentially endorsed by their idol!

1

**Badshah invited fans to join him in a live chat on migme.**

Almost 2,000 fans visited migme with over 200 fans signed up to join the live chat.

2

**After the intimate chat with Badshah, fans continued to show their affection to him on their miniblogs by drawing "I love Badshah" tattoos.**



3

**Encouraged by the warm response from migme fans, Badshah launched 'the search for the next #PunjabRapstar' with his fans**

migme users submit their lyrics and videos for Badshah, resulting in 16 qualified entries

4

**Badshah picked 3 winners to endorse on his migme and Facebook accounts.**

Top winner Mann Maan who joined migme to follow Badshah said, "You are my inspiration and I admire your work, Badshah.!" - Mannmaanofficial

5

2 months

**Overall, the contest for #PunjabRapstar had a reach of 47,000+, with 3,800+ visitors to migme of which 120 new users signed up.**

So far, Badshah received 29,000+ gifts from fans and participants, to express their admiration





# Spotlight | Shirin's first migup with her fans



@shireeenz



1353



5,000+



436,000+



20,300+

Shirin Al-Athrus (@shireeenz) is an incredibly popular teen fashion blogger and hijaber, with a following of many young fans who look up to her. Following a series of successful onboarding events such as live chat and follow back, Shirin invited her migme fans for a meet and greet migup, to watch a movie together. She also spread this message to her other social media platforms, asking her fans to follow and join her on migme, where she will in return pick another 110 fans to join her for their first-ever migup. Over a 2-week engagement, Shirin acquired 1,300+ new fans and 48,765 virtual gifts were received.

1

**After a second live chat, Shirin wanted to give back to her superfans by announcing her first-ever migup—a movie screening.**



2

**Entertainment sites Dream and Kompas picked up the story in Indonesia.**

This story helped to reach an external audience of 518,861 and as a consequence, another 478 new fans joined migme.

3

**After the event, Shirin thanked her fans through miniblog posts and showered them with gifts.**



4

Two weeks

**Over a two-week engagement, Shirin acquired 1,300+ new fans and 48,765 gifts.**

Subsequently, her fans are quite active on migme and are encouraging other fans to join for further live chats & migups. Fans are also requesting for more chances to interact with her in a more personal manner.

# Spotlight | Cinta shares personal loss



 @cintaramlan

 59,900+

 500+

 90+

 22,600+

In March, popular singer Cinta Ramlan's brother died. She announced it on mig where she is a verified artist - and not directly on any other social media. Over the subsequent fortnight, she also wrote a song in dedication, interacted with the fanbase that she's built and drawn to mig, and exchanged tens of thousands of virtual gifts too. Her posts on mig were subsequently shared to other social media by her fans, and drew tens of thousands of users from other platforms onto mig.

1

**Cinta Ramlan announced news of the death of her brother Iwan on mig**



2

**Cinta shared images of herself laying flowers for her brother.**

This post was shared by mig users to other social media platforms 236 times, which brought in 22,724 visits to the one post.

3

**mig users empathized with Cinta, sending her gifts and posting comments**

Cinta received 37,980 gifts from mig users and interacted with those that engaged with her (e.g.. posted comments, sent her gifts, etc.)

4

**Cinta shared a photo of herself on the way to a performance despite her grief, - "the show must go on"**



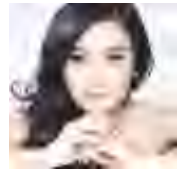
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1 week

**Dedicated a song and released a music video for her late brother, announced on mig**



# Spotlight | Cinta Citata and Mikey (Indonesia)



@citacitata

migme 163,000+



19,000+



51,000+



@migpapua

migme 34,000+

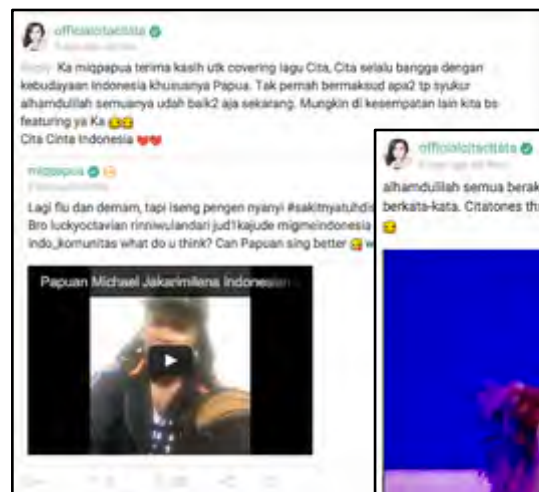


7,600+



4,300+

In February 2015, a well known singer Cita Citata (@officialcitacitata) made a racially insensitive comment, and popular Indonesian Idol finalist Mikey (@migpapua) responded in migme, where both artists have built a larger follower on migme, compared to their other social media channels. So interactions (e.g.. replies, shares) were higher on migme compared to their other social media channels, and both artists also received virtual gifts of support from their users (over 4,000 gifts over 2 days, to which they get a revenue share). The story was also widely reported in mainstream media across the country.

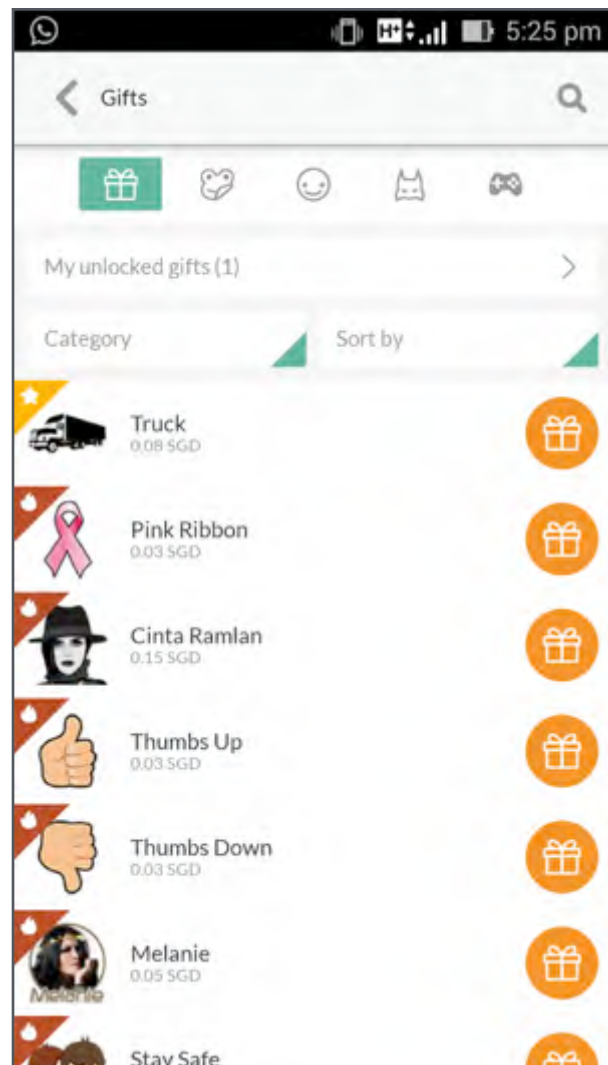


# Product Business Model

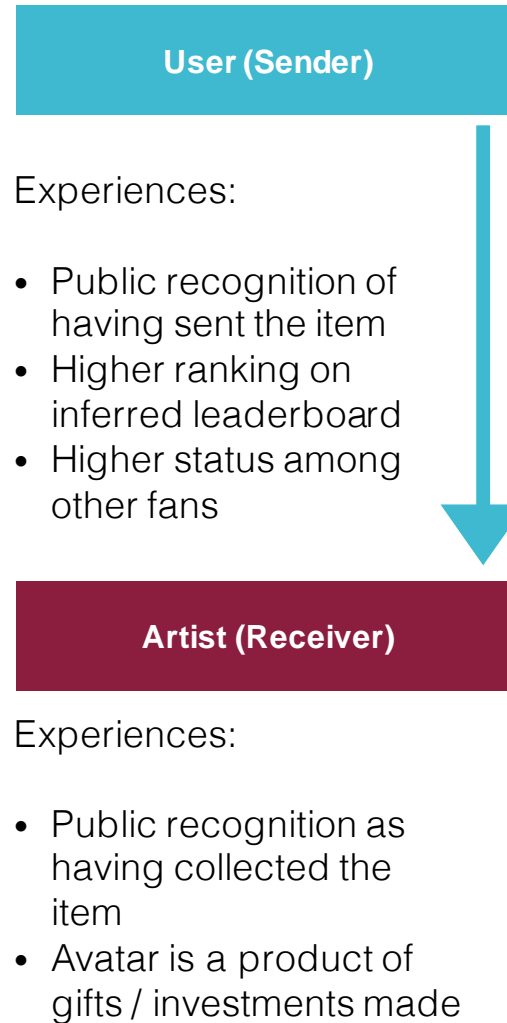


# Virtual Gifts

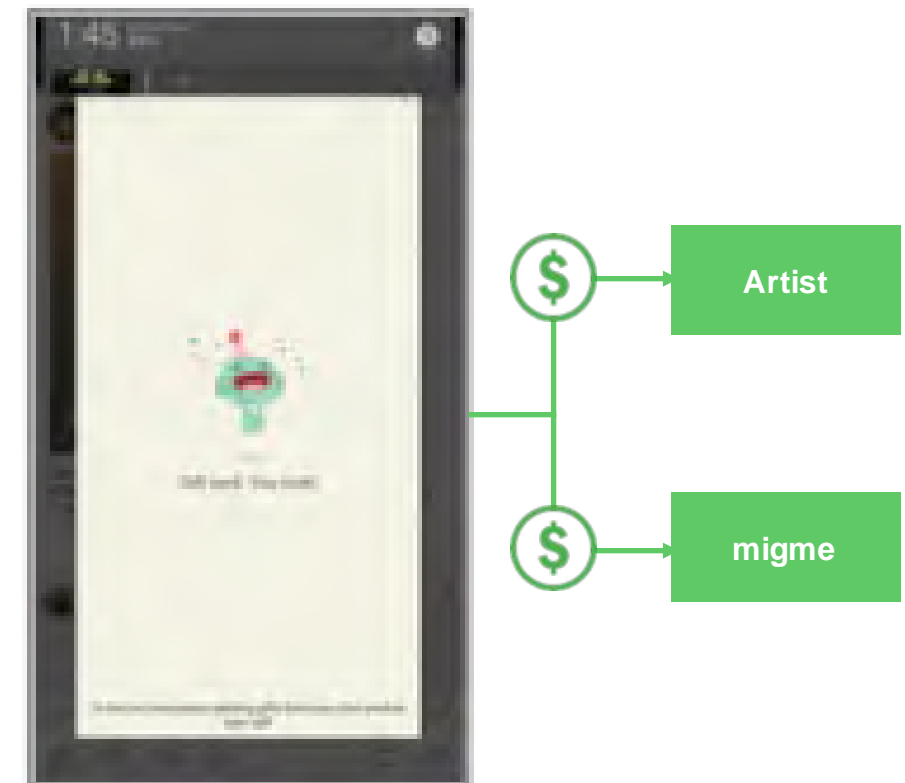
Users select from a wide range of virtual goods and gifts



...that create a consequence for both sender and receiver...



...and generate a revenue shared between the artist and platform

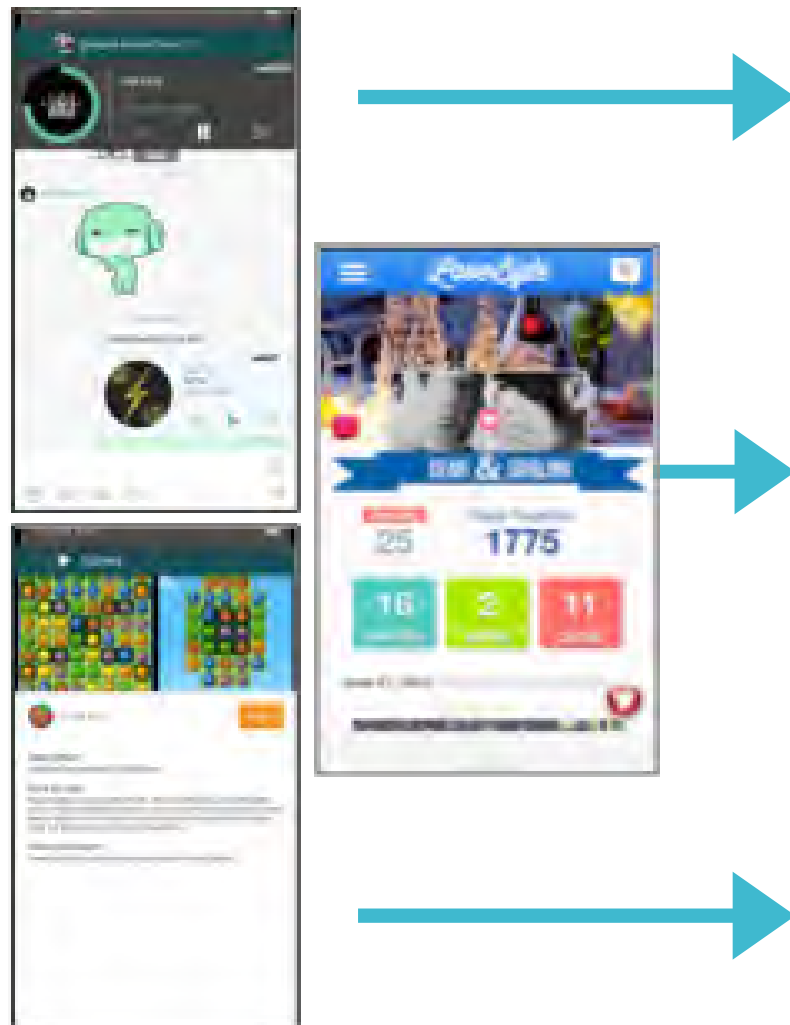


# Games and Apps

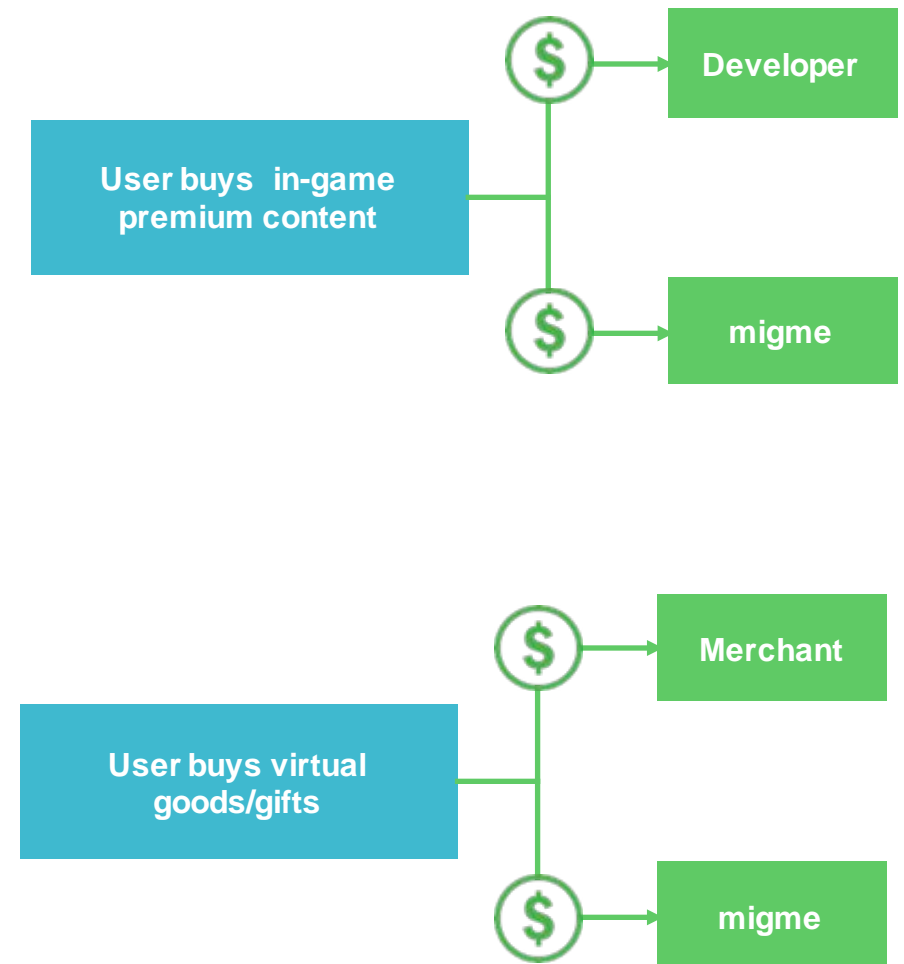
Wide range of games and apps...

...that interface with the migme platform in three ways...

...to create revenue shared by migme, developers and merchants



1. Apps / games coincident to platform value proposition
  - Photos, news, music, avatar items
2. Apps / games one step removed from the platform
  - Karaoke\*, video chat\*, e-commerce, LoveByte
3. Standalone apps / games that are reported back to mig for social context
  - Games where progress / achievement is shared with friends



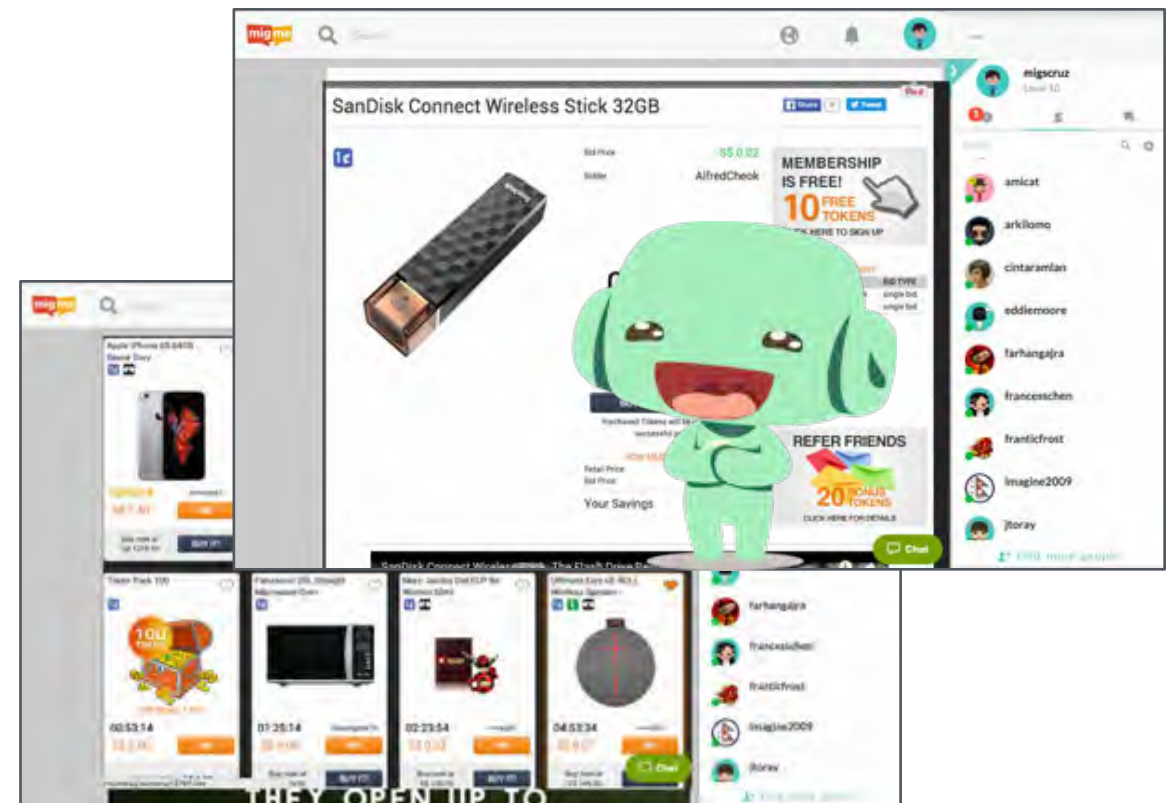


# E-commerce

Low cost selling by bringing online shopfront to online user community...

- **C2C a proven model in emerging markets:** where payments infrastructure and trust are hurdles that impede traditional models
- **Lower acquisition costs;** brings the ecommerce content directly to users, in a format that is searchable, actionable and easily shared
- **Lower marketing costs** through a plethora of value-added relationships with artists / entertainers, handset pre-installs, content marketing through in-platform audience engagement

...Generating sales revenue for B2C and C2C sellers and merchant fees for migme



SO4D.sg SO4D.my  
SHOPDECA<sup>^</sup>

Our strategy leverages existing capabilities and user base to drive new MAU, engagement and revenue

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**Our competitive advantages**

***At scale social network user base in key emerging markets***

***Existing E-commerce operations and experience***

***Engaging social platform with Artists/KOL presence and gamification***

**Our focus**

Develop a C2C social marketplace , facilitating the marketing and sale of items between Migme users, or sales for external vendors via referral traffic

Develop B2C2C affiliate sales program, where Migme users market products from Vendor Partners with commissions shared between Migme and the user

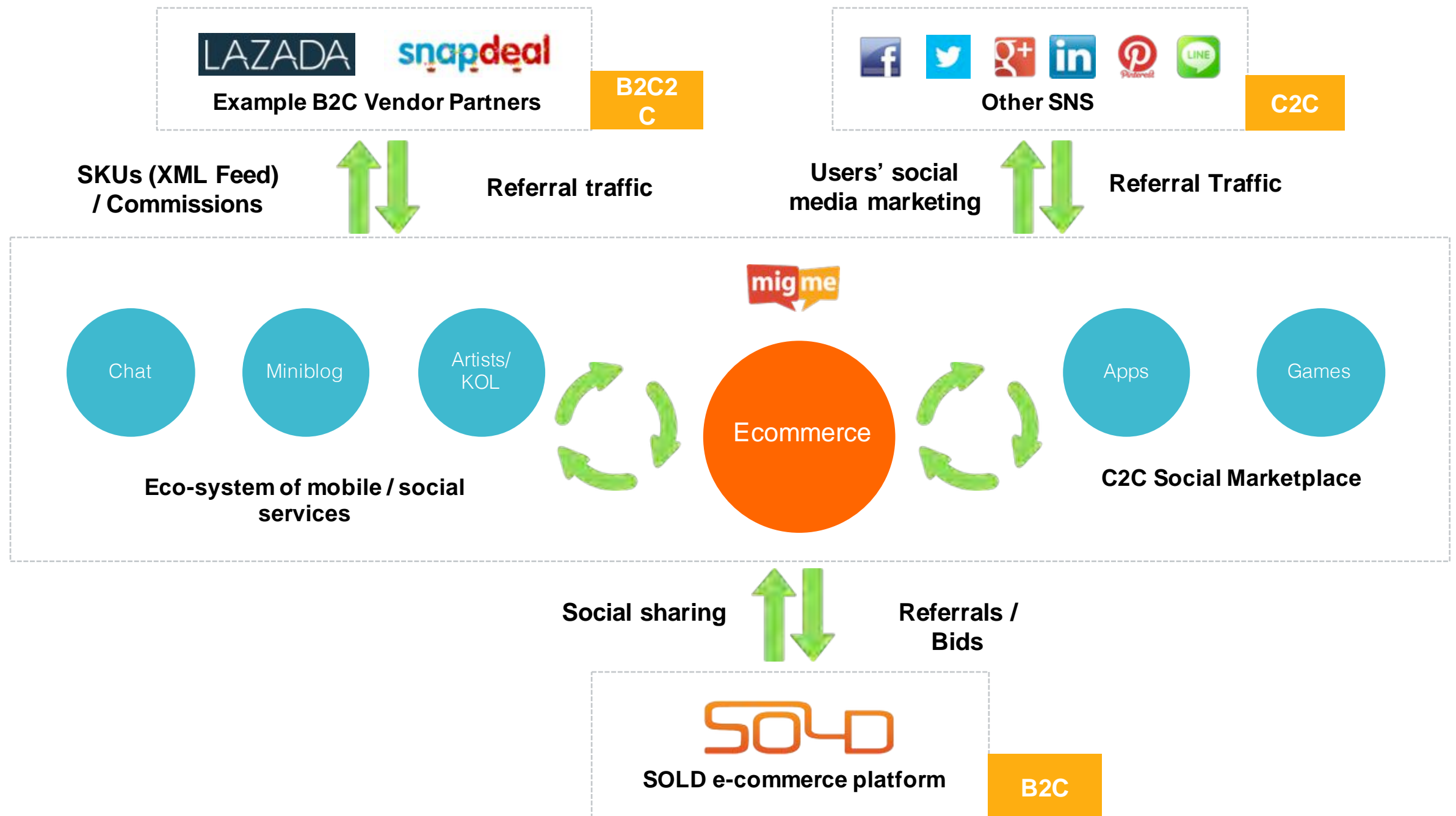
Propel product sales of users and partner vendors via Artist / KOL referrals, gamification, curation, user generated content and community formation and conversation

***A unique, difficult to replicate and active social commerce channel and marketplace deployed in each of our target emerging markets that drives revenue, MAU growth and user engagement***

# Social Commerce\*

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Social marketing of new and used items from B2C and C2C sellers, and via KOL Affiliates – on and shareable via migme.



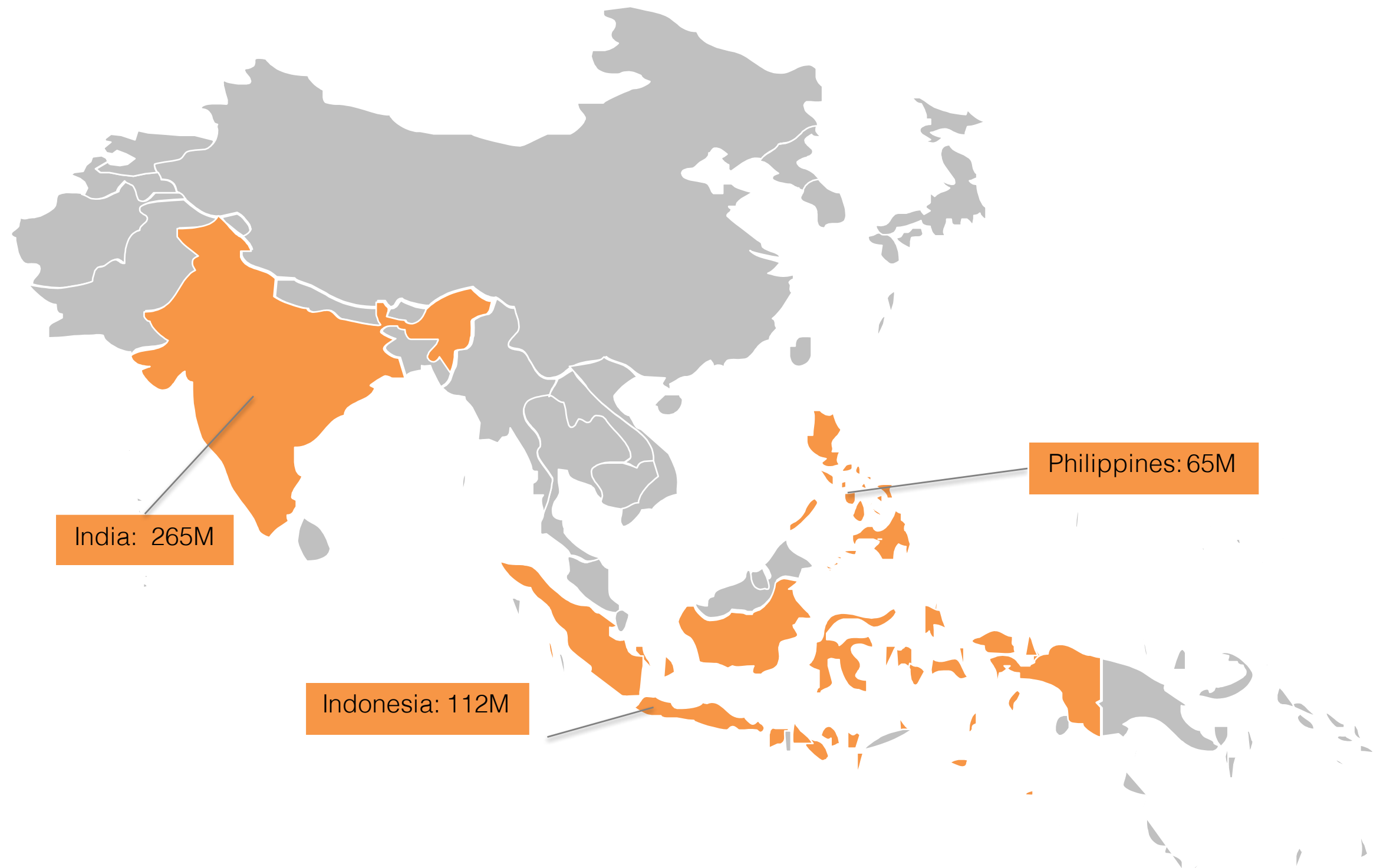
\*Coming soon



# Market Opportunity

# By 2018, we expect our target markets below to comprise ~ 442M Social Media users

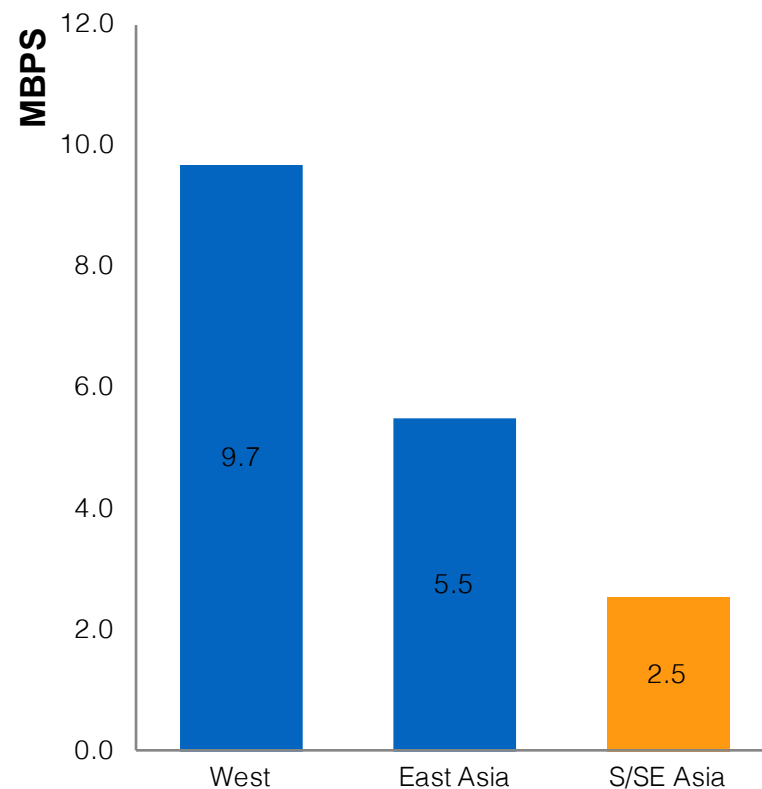
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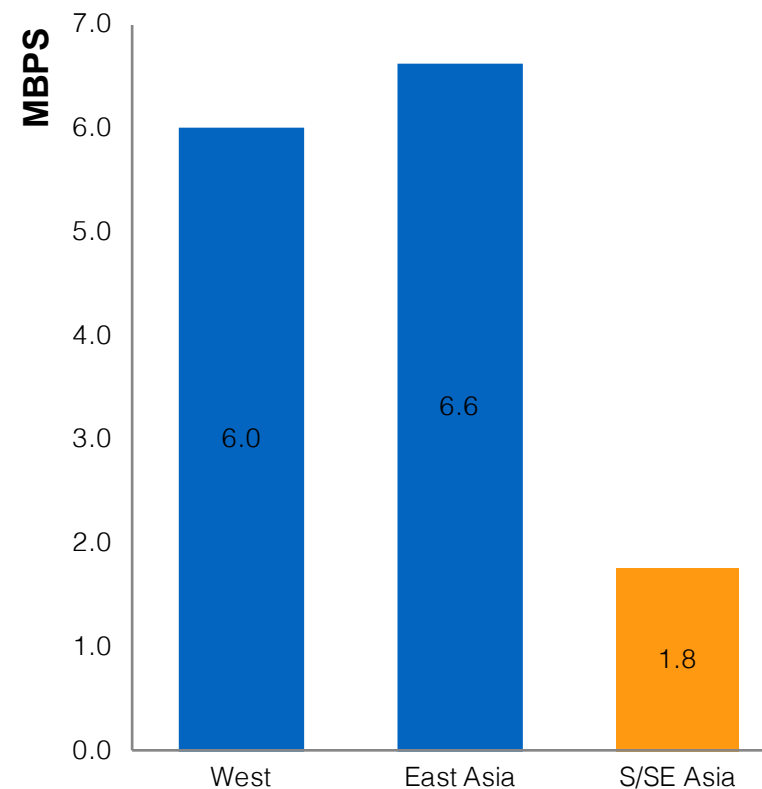
# Users in these markets require light weight mobile apps due to lower data speeds...

20

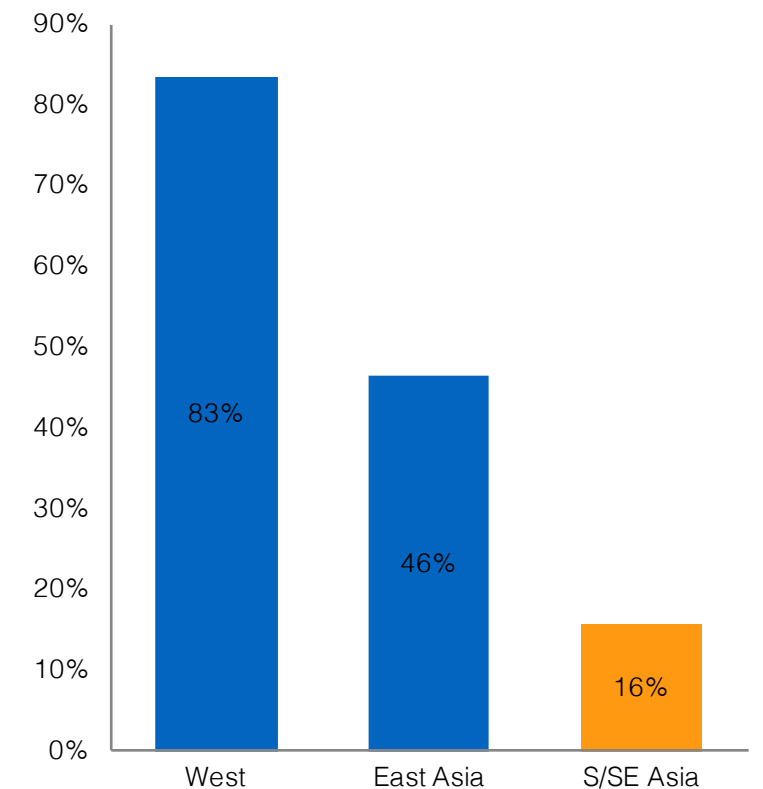
**Weighted Average Internet data speed 2015 – by Region**



**Weighted Average Mobile Data Speed 2015 – by Region**



**Weighted Average Penetration of Mobile Broadband 2015 – by Region**



**Internet/mobile data speeds in Emerging S/SE Asia are around one quarter of speeds in Developed Western economies...**

**...while penetration of mobile broadband is one fifth of the take up in the West**

Source: WeAreSocial, migme analysis

Note: Figures quoted are population weighted averages for regional composites for which data exists. West includes USA, UK, Canada, France, Germany, Italy, Spain, Australia; East Asia includes China, Japan, Hong Kong and South Korea, S/SE Asia includes India, Indonesia, Philippines, Malaysia, Thailand, Singapore, Vietnam

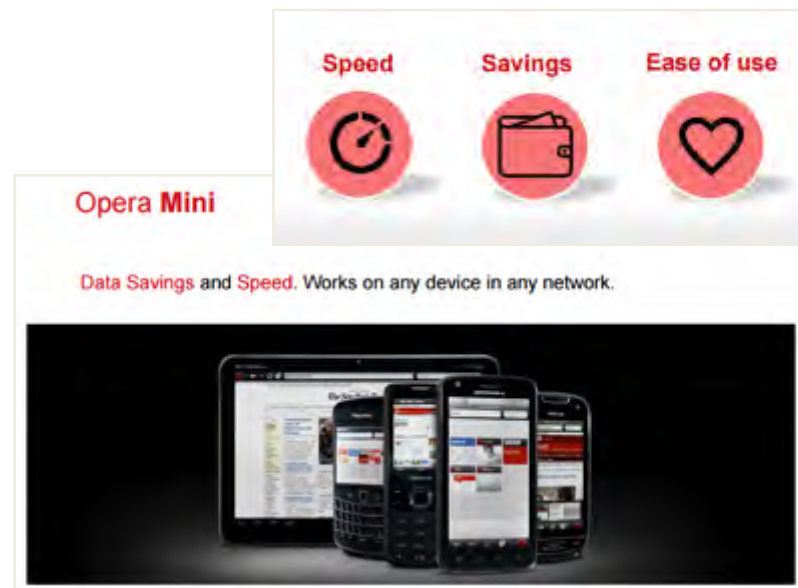




# ...and lower capability devices such as 'feature phones'

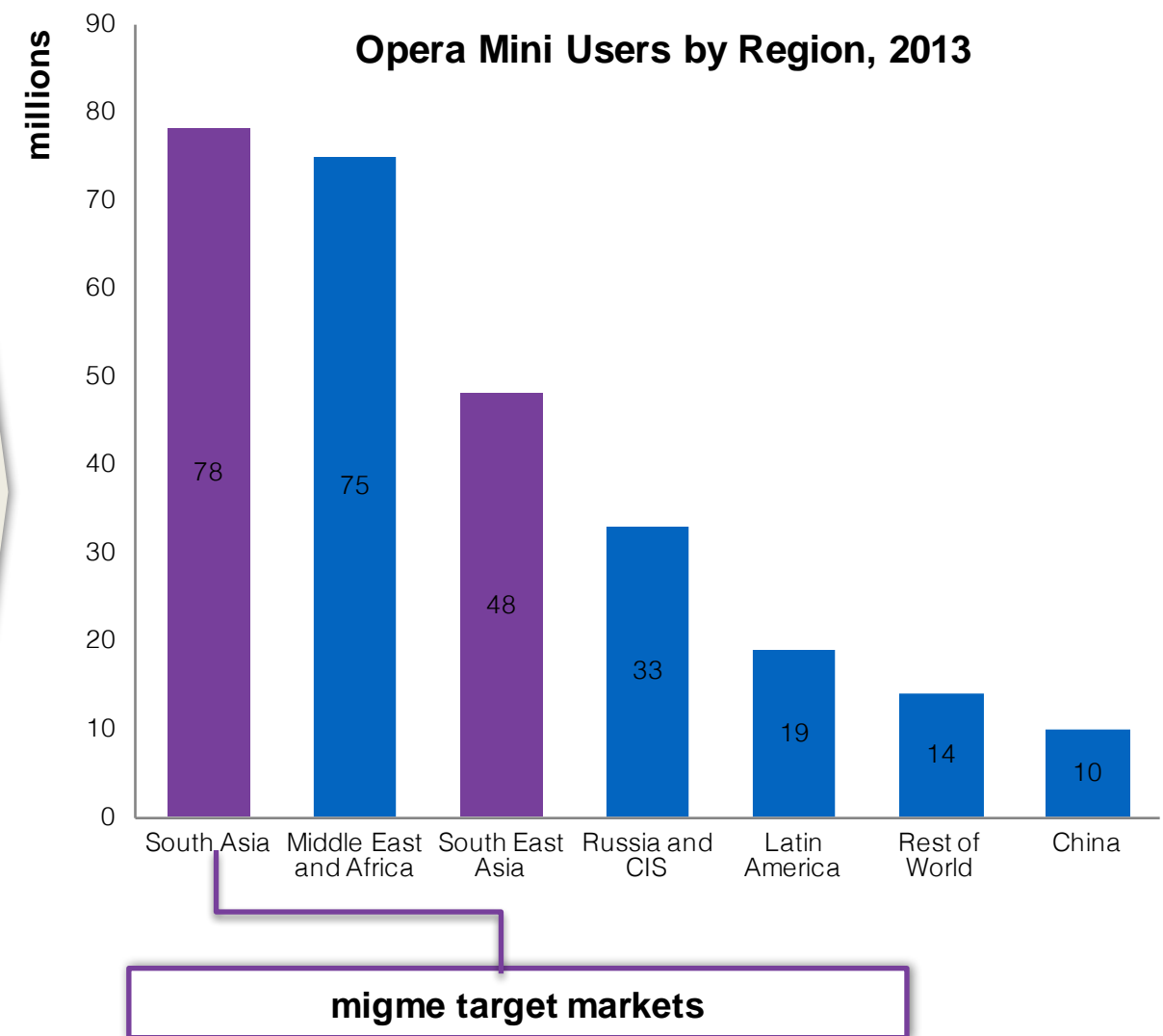
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Lightweight operating systems like Opera Mini designed for slow data and 'feature phones'....



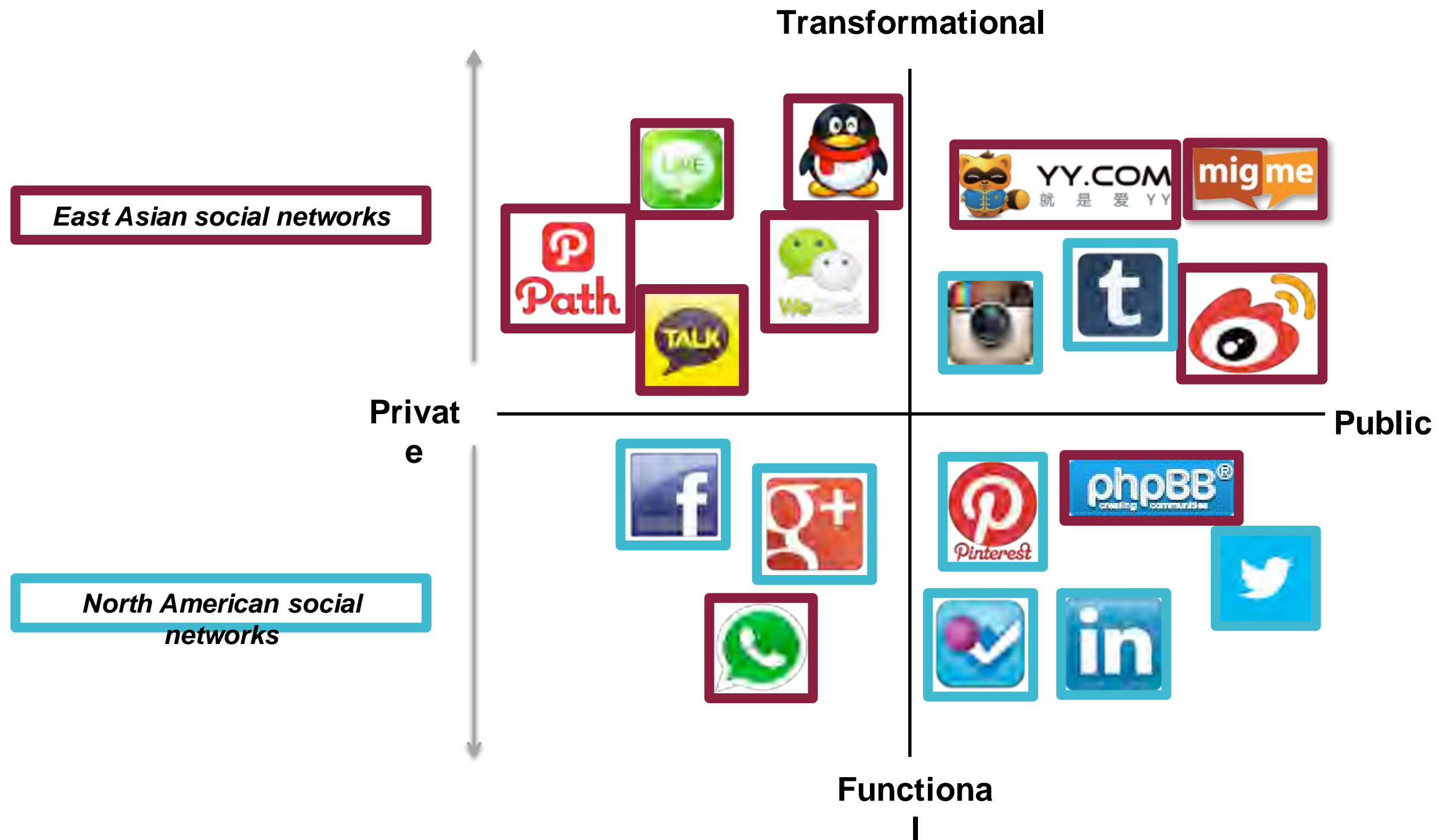
- Favoured for its data speeds and associated savings
- 150m installs on 'Feature Phones'
- 50m+ users in India and 20m+ users in Indonesia at end-2014

...have captured strong market share in emerging markets, including South and Southeast Asia





# Emerging market users exhibit different usage patterns to Western social media networks...

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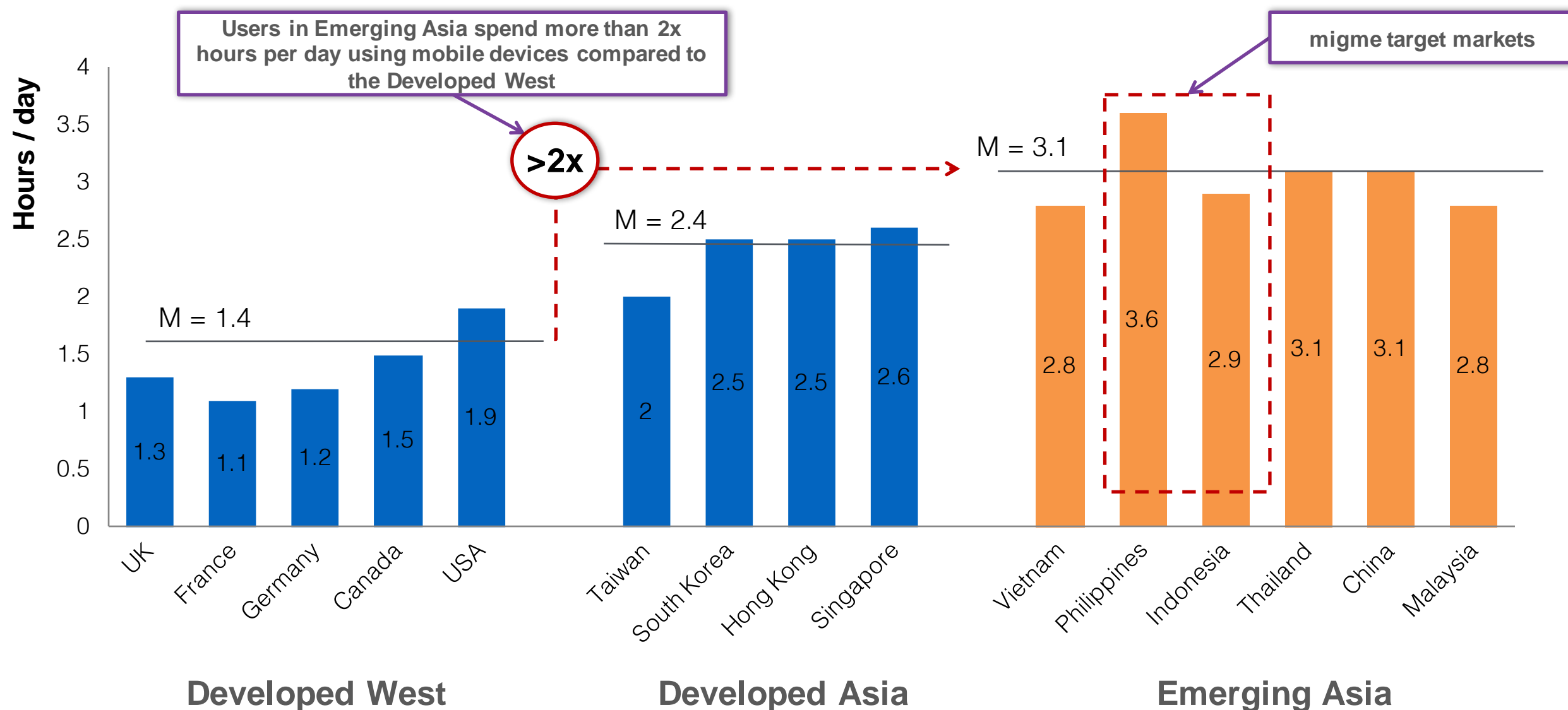
# ...with clear differences in user preferences for social media interaction

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	North America 	East Asia 
<b>Role of identity</b>	<ul style="list-style-type: none"><li>•Transparent – online and offline identities are congruent</li></ul>	<ul style="list-style-type: none"><li>•Freedom of identity – one can escape their offline identity</li></ul>
<b>Communication style</b>	<ul style="list-style-type: none"><li>•More functional, direct</li><li>•More limited lexicon of visual characters, typically functional shortcuts</li></ul>	<ul style="list-style-type: none"><li>•More emotive, playful</li><li>•Greater use of visual characters / icons in expression</li></ul>
<b>Social proximity</b>	<ul style="list-style-type: none"><li>•Greater sense of ‘personal space’ online</li><li>•Lower social proximity between individuals and likelihood of engaging strangers / celebrities via social media</li></ul>	<ul style="list-style-type: none"><li>•Lesser sense of ‘personal space’ online</li><li>•Higher level of social proximity and likelihood of engaging strangers / artists via social media</li></ul>
<b>Propensity to mobile connectivity</b>	<ul style="list-style-type: none"><li>•Abundance of fit-for-purpose technology, users can connect via multiple devices</li><li>•Less of emphasis for regular social media interaction versus offline interaction</li></ul>	<ul style="list-style-type: none"><li>•Users limited to typically a single device, many have only ever interacted online via mobile (leapfrog of desktop)</li><li>•Social media interaction a core part of engaging with community and peers</li></ul>

# ..and higher propensity to use mobile devices

Average mobile phone usage per day – by country



# Evidence suggests S/SE Asian markets tending toward East Asian social network models

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## Case Study: Rapid ascent of Line in Thailand



vs.



### Situation

In 2013, Line entered the Thai market and displaced WhatsApp as the dominant social network service in less than a year

### Actions / Critical Success Factors

### Commentary

1

Offering a 'transformational' instead of purely 'functional' social service

'WhatsApp is coming under pressure from a new breed of 'platform' messaging apps that go beyond replacing SMS to provide a range of connected services, like games, virtual content, video/voice calling, e-commerce and more.'

2

High profile, in-country offline marketing by experienced local teams

'It began by raising awareness with a traditional media campaign. That was advertisements on billboards, decking out metro trains in its branding, newspaper ads, interactive video boards, TV ad spots and other high-profile brand opportunities'

3

Localised, culturally relevant content, marketing and user base/audience development

'Line...went hard on the local angle: using celebrities, launch events, more media, and customized stickers for Thai users'

4

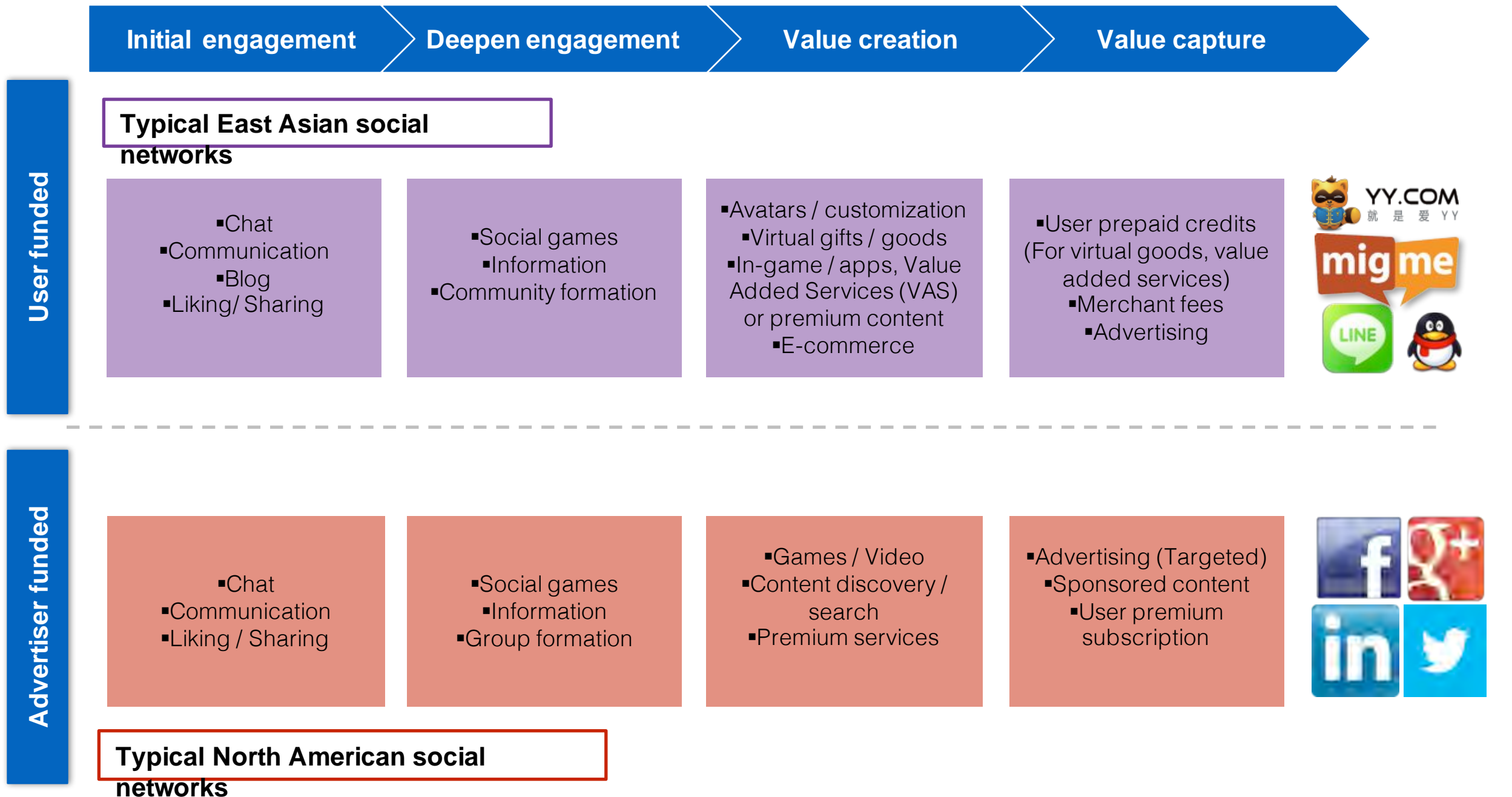
Preferred delivery of social network service via mobile device

'In addition to cutting deals with mobile operators — most of which already offered all-you-can-eat packages for WhatsApp and Facebook'

### Result

'In Thailand, WhatsApp... was beaten by a company that localized better than it could. Once Line began clicking with Thai people, WhatsApp didn't stand a chance.'

# Which create opportunity for different network monetisation models

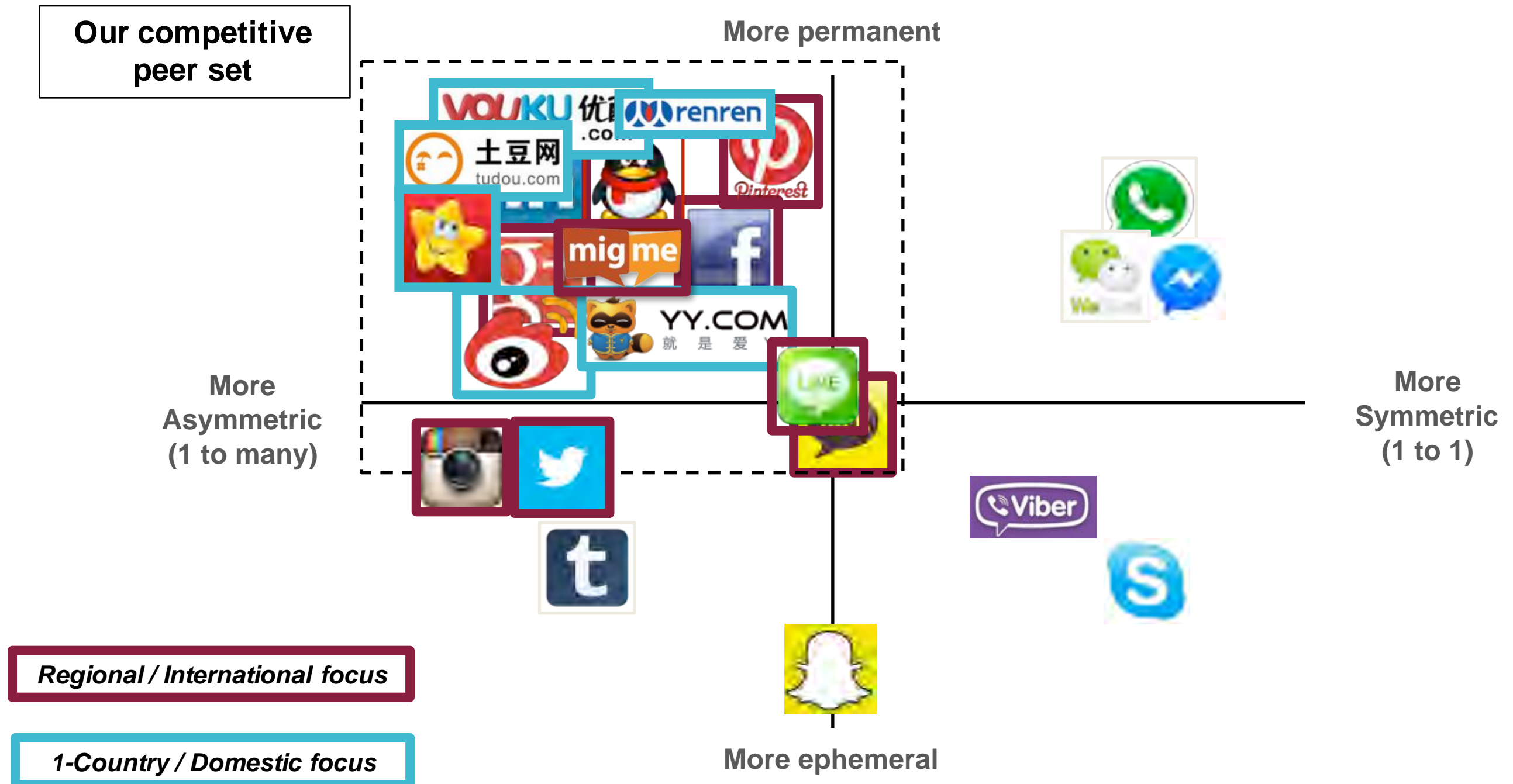




# Competitive landscape and positioning

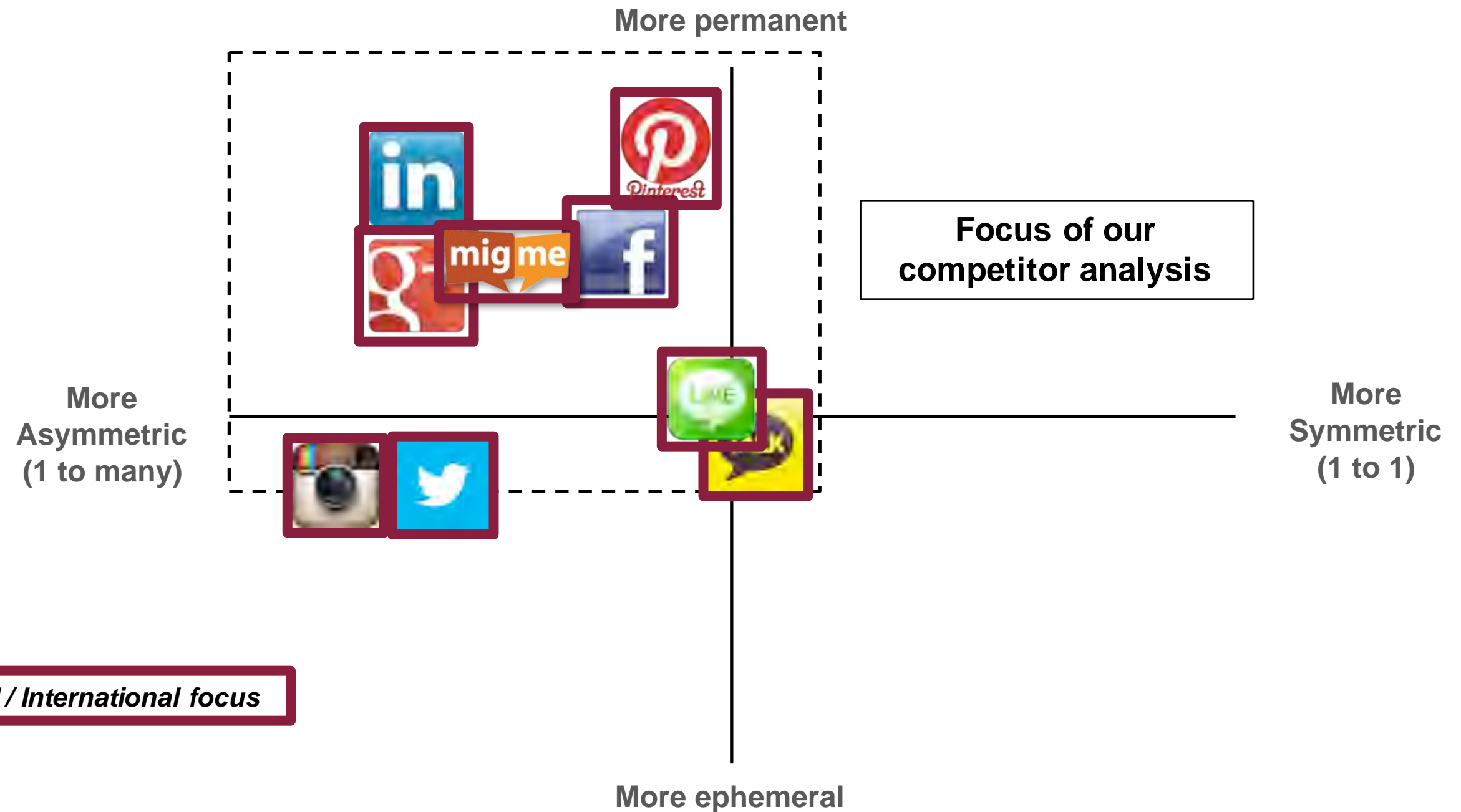
# migme provides a full social media experience aimed at emerging internet markets

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# Our competitor set: More asymmetric, permanent networks, with regional/international focus

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
# Global Landscape

migme is the only social network focused purely on South / Southeast Asia

					Competed Regions			
Logo	Name	Market capitalisation (USD, bn)	Revenue / (USD, m)	MAU (m)	West	East Asia	South / Southeast Asia	Global / other
	Facebook	203	12,500	1,400	✓	✓	✓	✓
	Twitter	19	1,400	290	✓	✓	✓	✓
	Google+	N/A <sup>1</sup>	N/A	300	✓	✓	✓	✓
	LinkedIn	25	2,200	300	✓	✓	✓	✓
	Instagram	N/A <sup>2</sup>	N/A <sup>2</sup>	300	✓		✓	✓
	Pinterest	10 - 12 <sup>3</sup>	-	50	✓			
	Line	8 - 10 <sup>4</sup>	650	350		✓	✓	
	Kakao Talk	7 <sup>5</sup>	320	50		✓	✓	
	migme	0.2	12	32			✓	

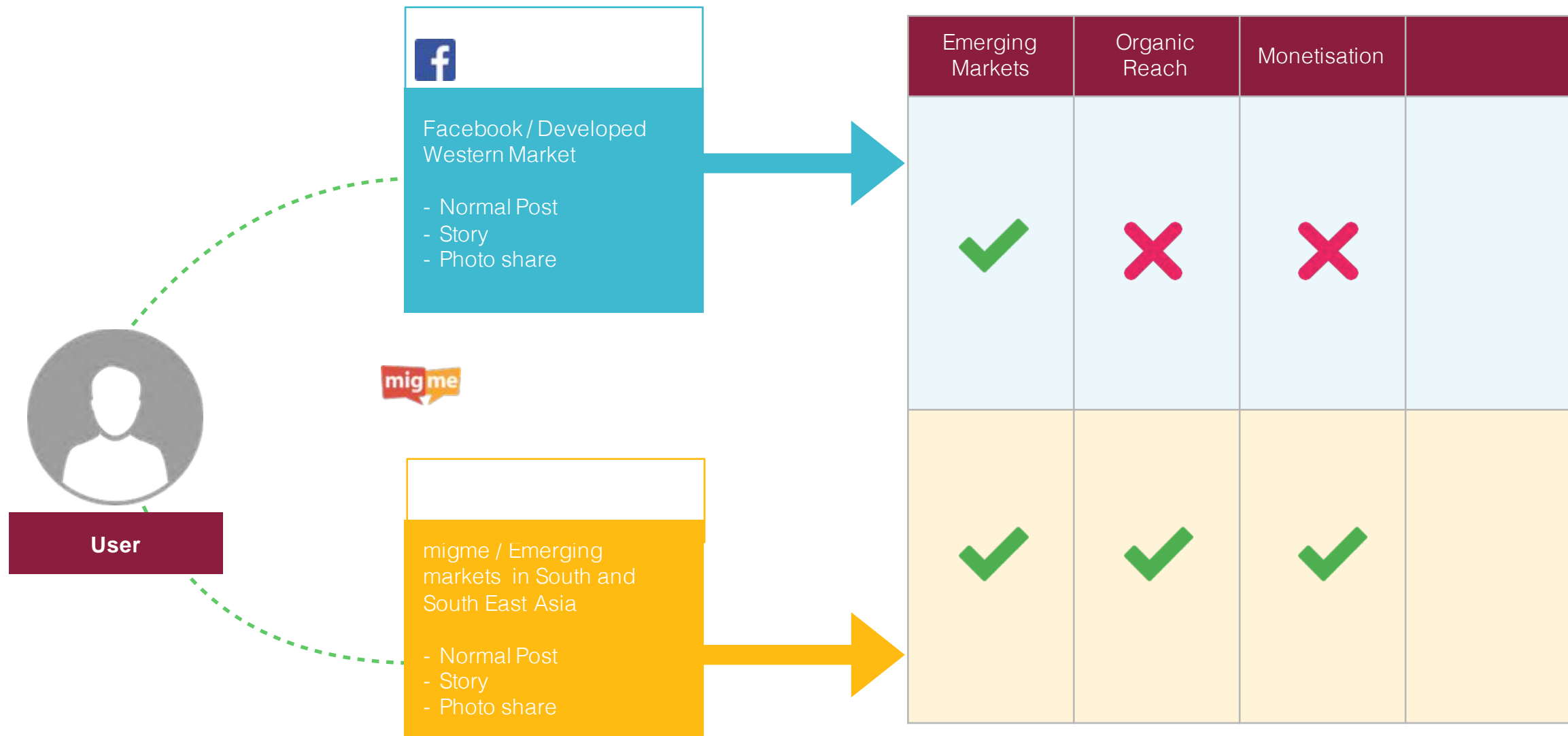
1. Owned by Google. 2. Owned by Facebook 3. Yet to list, estimated value 4. Yet to list, estimated value. 5. Estimated valuation post merger with DAUM. Source: S&P500, Hang Seng, ASX,, Facebook, LinkedIn, Twitter, Instagram, Line, TechInAsia, TechCrunch, eMarketer, Forbes

# Proven & Relevant Business Models

Logo	Name	Advertiser funded	User funded	Business model description
	Facebook	✓		Global focus, monetisation via targeted advertising
	Twitter	✓		Global focus, monetisation via targeted advertising
	Google+	✓		Global focus, monetisation via targeted advertising
	LinkedIn	✓	✓	Global focus, monetisation via targeted advertising, premium subscription services
	Instagram	✓		Global focus, pre-monetisation (likely to be advertiser funded)
	Pinterest	✓		North America focus, monetisation via targeted advertising
	Line	✓	✓	East Asia focus, monetisation via users valued interactions and virtual goods
	Kakao Talk	✓	✓	East Asia focus, monetisation via users valued interactions and virtual goods
	migme		✓	<b>South / Southeast Asia focus, monetisation via users valued interactions and virtual goods</b>

# Facebook vs. migme

Whilst Facebook may be in emerging markets, they are limited with organic reach and monetisation options for their user – where migme is not.



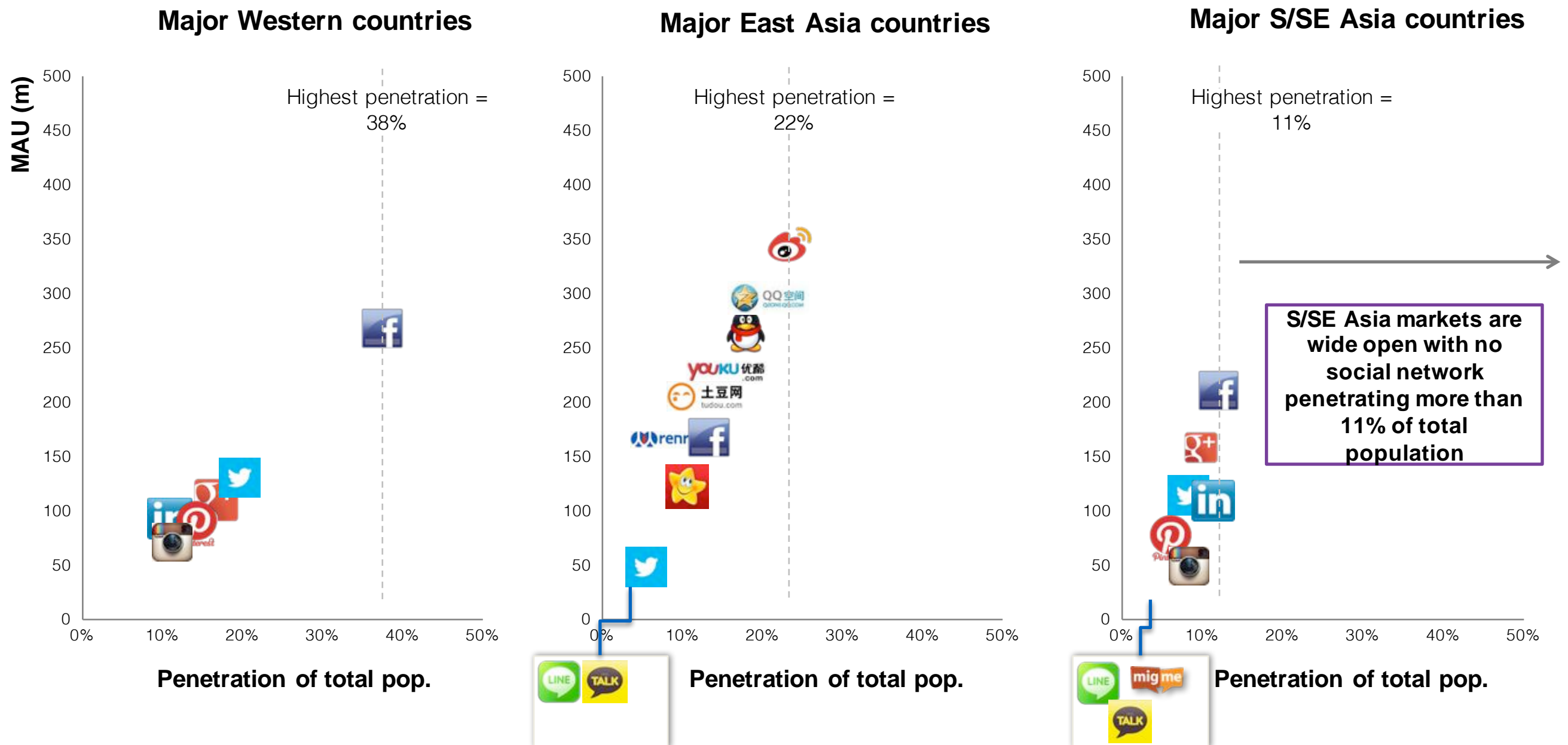
migme's strategy is consistent with DAUM, Dena, Line and other successful East Asian companies, in building platform businesses



# Western MSNs have not achieved dominance in E Asia; while S/SE Asia is wide open for local players

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## MAU vs. penetration of social media networks – by region



Source: WeAreSocial. migme analysis

Note: Western Countries include USA, UK, Canada, Germany, France, Italy, Spain, Australia; East Asia countries include China, Japan, South Korea, Hong Kong, S/SE Asia countries include India, Indonesia, Philippines, Thailand, Vietnam, Malaysia, Singapore.

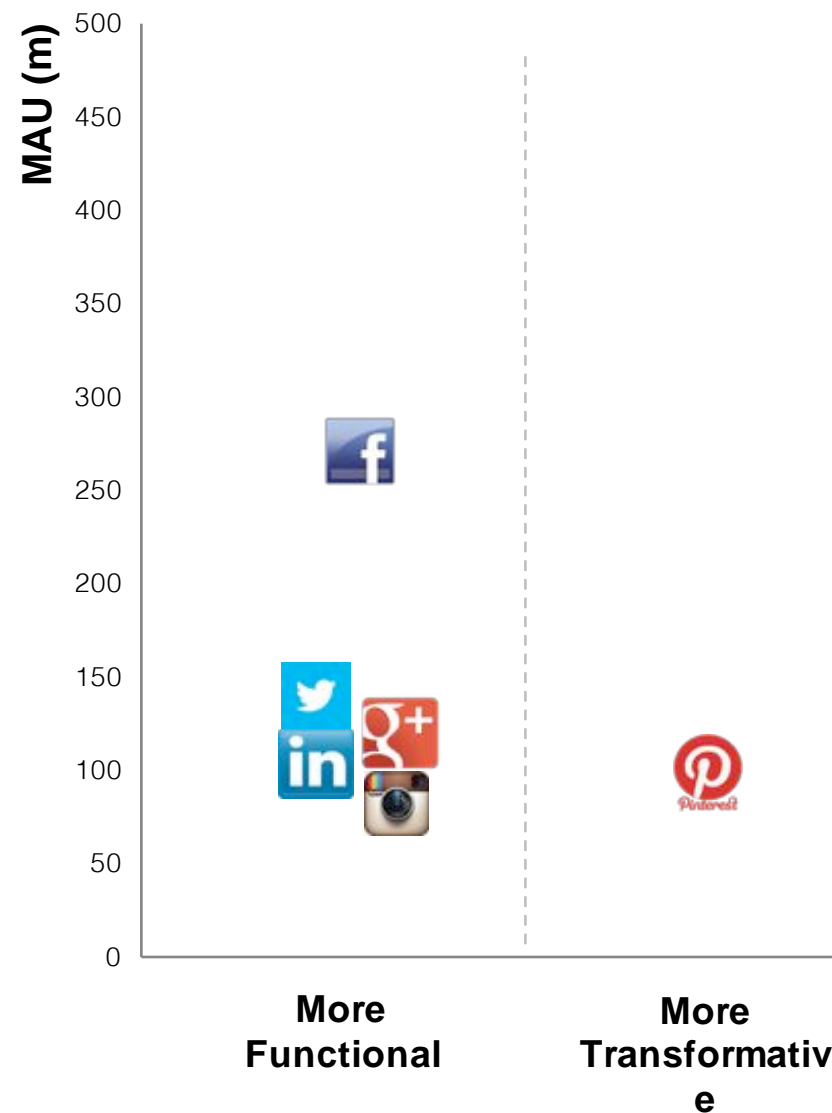


# Despite user preferences, S/SE Asia not yet dominated by a Transformative network player

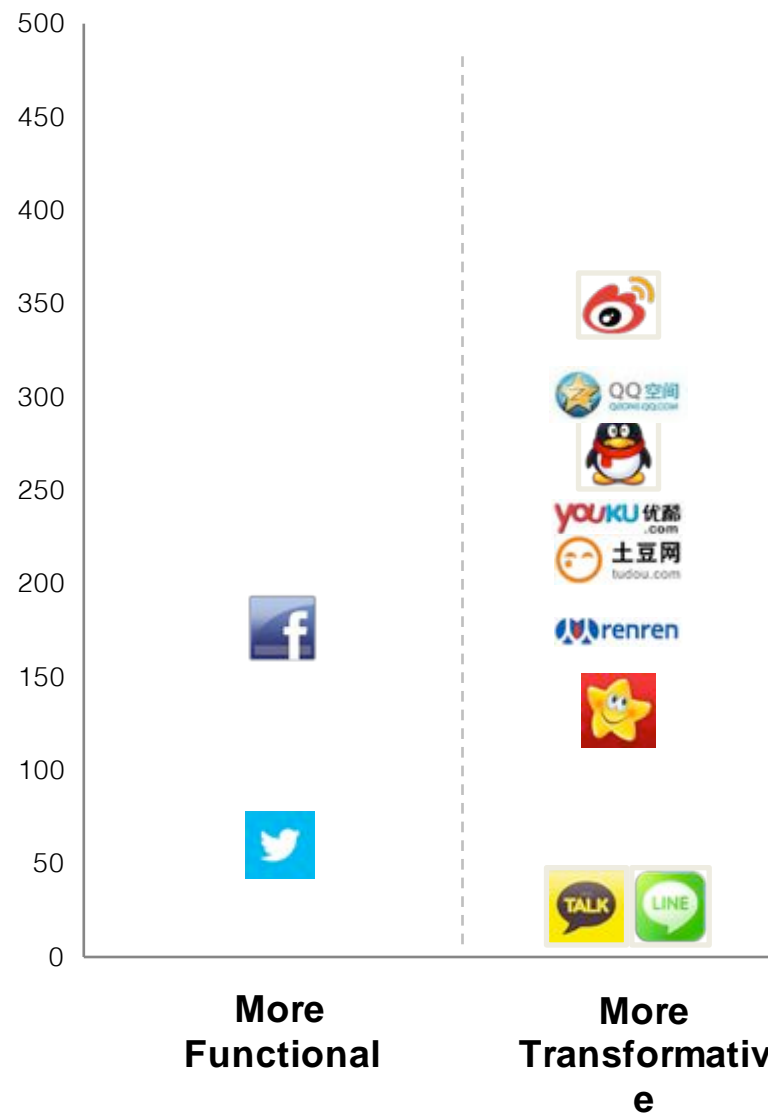
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## MAU of social media networks – by region

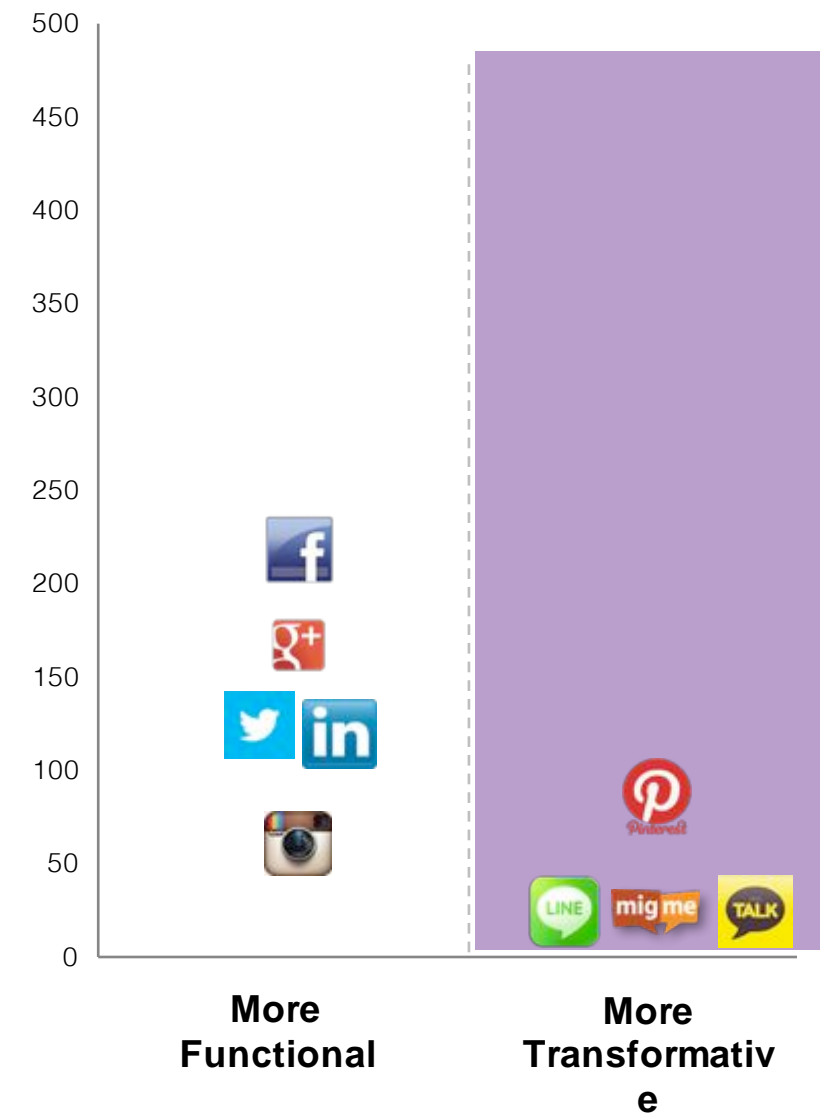
Major Western countries



Major East Asia countries



Major S/SE Asia countries



Source: WeAreSocial, migme analysis

Note: Western Countries include USA, UK, Canada, Germany, France, Italy, Spain, Australia; East Asia countries include China, Japan, South Korea, Hong Kong, S/SE Asia countries include India, Indonesia, Philippines, Thailand, Vietnam, Malaysia, Singapore



# Network effect driven by scale, user social graph, and stored value of user engagements

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Strength of network effect

Network value	Description	Low	Moderate	High
1 Value of network scale	'Traditional' network effect where the more users that are a part of the network, the greater its value	Sub-critical (0 – 5%)	Critical Mass (5 – 10%)	Dominant market leadership (20 – 40%)
2 Value of social graph	User chat connections (private, synchronous comms.)	0 - 3 connections	3 – 10 connections	10+ connections
	User connections to other users (public, asynchronous comms)	0 - 30 connections	30 - 100 connections	100+ connections
	User connections to content	0 – 10 content likes / shares	10 - 25 content likes / shares	25+ content likes / shares
	User connections to artists / influencers	0 – 10 artist / influencer followings	10 - 25 artist / influencer followings	25+ artist / influencer followings
3 Stored value of user investment in network	User generated portfolio of creative content	Minimal user engagement	User hosts self generated content on network	Network primary online repository for self generated content
	Built reputation or influence among other users	Minimal user engagement	User has moderate acquired following or recognition as a network influencer	User has high acquired following or recognition as a network influencer
	Stored valuable user data	Minimal user engagement	User stores some data on the network	Network is primary data
	Content relevance via acquired user info	Minimal user engagement	Light user engagement and modest degree of content targeting	Heavy past engagement, and high degree of content targeting

# Facebook the only other social network in our competitive set offering same bundle of services

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SNS in migme competitor set	Symmetric Communication (chat)	Asymmetric communication (blog)	Games	Apps	Ecommerce	Artist Engagement
	✓	✓	✓	✓	✓	✓
	✓	✓				✓
	✓	✓				✓
	✓	✓				
	✓	✓				✓
	✓	✓				✓
	✓	✓	✓	✓	✓	
	✓	✓				
	✓	✓	✓	✓	✓	✓

**Only migme and Facebook, offer a full vista of social services in communication and entertainment in our competitive set**

# migme is unique in being an at scale social network, with the potential to integrate e-commerce

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**Indonesia, 2010 – 2013:** E-commerce players enter the market sell via own website, paid advertising

**Indonesia, 2014 – 2015:** New social commerce platform facilitate sales via social media networks



Major ecommerce players are predominantly conventional ('non social') online retailers



Of the newer social commerce platforms, none are an established social network – except for migme

# Case study: In China, social networks are already evolving into social marketplaces

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## Case Study: Chinese Social Marketplace 蘑菇街 disrupting e-commerce incumbents

蘑菇街  
mogujie.com

淘宝网  
Taobao.com

### Situation

Mogujie was founded in 2011 as a social shopping service. They earned revenue from commissions for referrals to e-commerce websites (including Taobao), and have since evolved into a social marketplace, competing directly with other e-commerce sites

### Actions / Critical Success Factors

### Commentary

1

Higher engagement, higher conversion

User centric social features (discovery discussion, sharing) and authentic user generated content from influencers and shoppers increase engagement and conversion

2

Curated Fashion Discovery

As opposed to advertiser funded sales communications on other e-commerce sites, curated fashion discovery make shopping experience enjoyable and authentic

3

Mobile first

Mogujie is mobile first and has achieved the highest ratio level of mobile users to total users in Chinese e-commerce. They lead in mobile for higher visit frequencies, impulse buying and greater repeat purchases

4

Powerful social commerce ecosystem

Mogujie surrounds its fashion marketplace with a social community, chat, user generated content, and an exclusive set of Key Online Influencers – driving user engagement, discussion and sales conversion

### Result

Since commencing its own social marketplace in 2013, Mogujie has gained 93m registered user accounts, with 47m MAU and 8 million users making purchases in 2014