



Webfirm Group Limited
Investor Update
15 September 2011






Presentation Agenda

1. Company Overview
2. Webfirm division
3. Adslot division
 - a. Overview
 - b. Market Opportunity
 - c. Customers and Products
 - d. Current Operational Focus
 - e. Financials
4. Summary

Webfirm Group Limited (ASX:WFM)



Board of Directors

Executive Chairman	Acting CEO	Executive Director	Non-Exec Director	Non-Exec Director
				
Adrian Giles Co Founder - Hitwise	Andrew Barlow Co Founder - Hitwise Co Founder - Adslot	Anthony Du Preez Co Founder - Adslot	Chris Morris Founder & Chairman Computershare	Tiffany Fuller Funds Management Venture Capital

ASX Listing Code:	WFM	Andrew Barlow related entities	8.4%
Current Share Price:	\$0.072	Chris Morris related entities	8.4%
52 Week Low:	\$0.057	Overachieve Pty Ltd	4.1%
52 Week High:	\$0.265	Adrian Giles related entities	2.7%
Cash at Bank (30 June 2011)	\$18.4M	J&M Barlow Pension Fund	2.0%
Shares on Issue:	681,698,900	Anthony Du Preez related entities	1.9%
Market Capitalisation:	\$49.1M		27.5%

Company Overview

Webfirm Group Limited (ASX:WFM)
Currently has two operating divisions



Online marketing
solutions for small to
medium businesses



Changing the way
that advertising is
bought and sold

The primary focus for the company is the growth of the Adslot division



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Division

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WEBFIRM™
Group

Webfirm division currently subject to strategic review

- Developing websites for small and medium size businesses (SME's) is **highly competitive** and Webfirm Division losses to date have been driven by its **inability to profitably compete** in this market
- Our focus therefore has been on providing **search engine optimisation services, search engine marketing (paid search advertising), hosting and social media marketing** as a profitable business in a growth market
- We are conducting a strategic review of the Webfirm business over the coming months to determine our future strategy and focus on this business
- As part of this review, we have also taken the conservative position to write down the value of the Webfirm goodwill to \$0

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Automate. **Control.** Optimise.



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Adslot Overview

- Adslot sells **automated ad sales platforms** to major **online classifieds portals** world-wide
- Adslot is currently focused on becoming the world's number one provider of automated ad sales solutions to **online classifieds publishers** globally
- Adslot has signed **four** of the **world's leading online classified publishers** in three countries (Australia, New Zealand and France) so far
- Adslot's solutions help classifieds portals **drive growth of their display ad revenue** using **patented auction technology**, while also **reducing cost of sales**
- Adslot has enhanced it's product offering over the last 18 months through the acquisition and successful integration of **three leading ad automation technologies**
 - **Adslot:** ad sales booking system and yield optimisation platform
 - **QDC:** display ad builder
 - **Adimise:** ad server

Adslot sells the display advertising surrounding the listings on classifieds portals

Example: "Suburb Sponsorship" product for real estate portals



Three key factors drive Adslot's business

1. Natural growth in display advertising for online classifieds publishers
2. Revenue transacted through Adslot's Platform
 - Slots - total number of ad slots available to sell
 - STR - percentage sell through rate
 - Price - average cost of each slot
3. Adslot's Share of Revenue on Platform
Rate card commercial terms include a combination of:
 - **Setup Fee** (based on cost recovery model) – fixed cost for scoping, product customisation and deployment
 - **Licence Fee** – % of all **revenue on platform**, underwritten by minimum monthly fee
 - **Performance Fee** - % of **revenue uplift** created, based on Publisher's internal targets

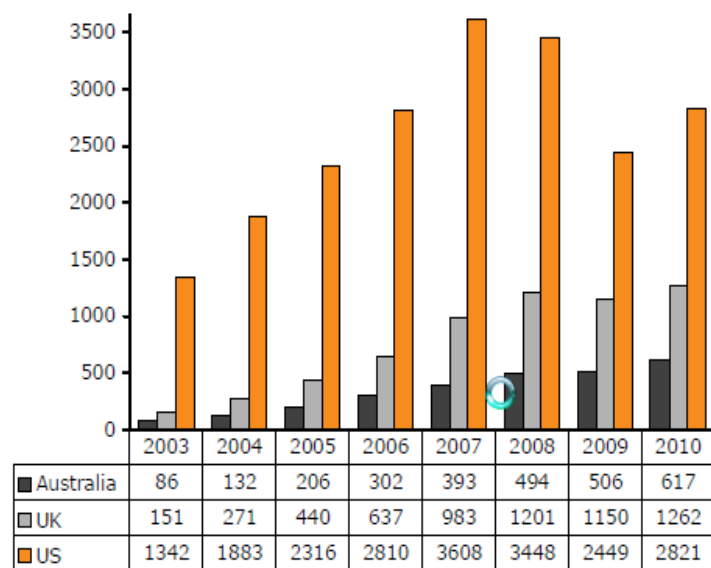
Where we are today

- We know from our initial implementations that **our products work**, and work well
- We are very sticky – although it has taken some time to build and implement our initial products, we have become **deeply embedded** within our cornerstone customers' businesses (strong annuity stream and long-term viability of model)
- As our customers' display ad revenue grows, so do we
- We currently have a **strong pipeline** of prospective customers in AsiaPac and Europe, with initial discussions also underway with US classifieds publishers
- We have successfully secured and grown **a talented technical team** with outstanding innovation and development capabilities
- **All our core technology** acquired during FY11 has been **integrated seamlessly** into an end-to-end platform
- We have secured a **strong capital base to fund the growth** of the business
- We have identified and are successfully capturing the **large growth opportunity that has emerged in classifieds display advertising**

Classifieds market opportunity is big

Online Classifieds publisher revenue is growing globally

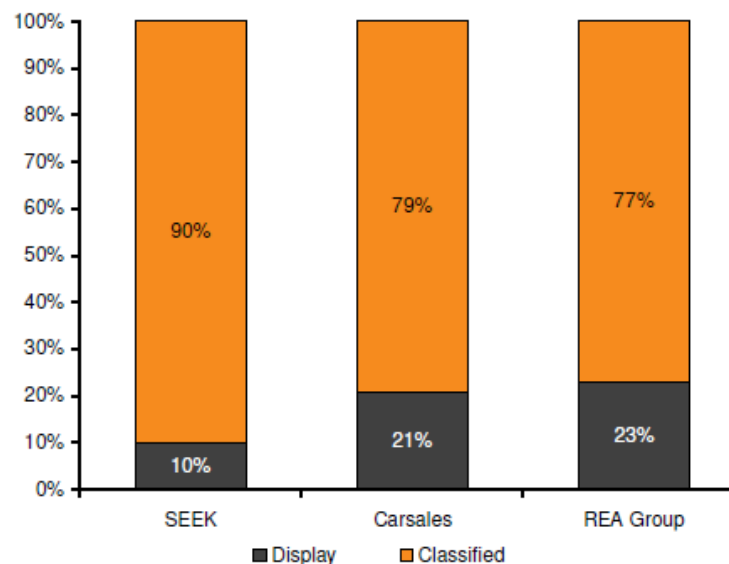
Chart 9 : Size of the online classified advertising market by country (A\$m, constant currency)



We translate USD earnings into AUD at 0.92 and GBP earnings at 0.60
Source: CEASA, IAB, Newspaper Association of America, WARC

Display advertising currently makes up approx. 1/5th of classifieds portal revenue

Chart 15 : Percentage of revenue from display and classified (FY10)



Source: Company data, RBS estimates

Our customers display ad revenue is growing

Display ad revenue is the **fastest growing source of revenue** for online classifieds publishers in Australia, as listings revenue reaches maturity

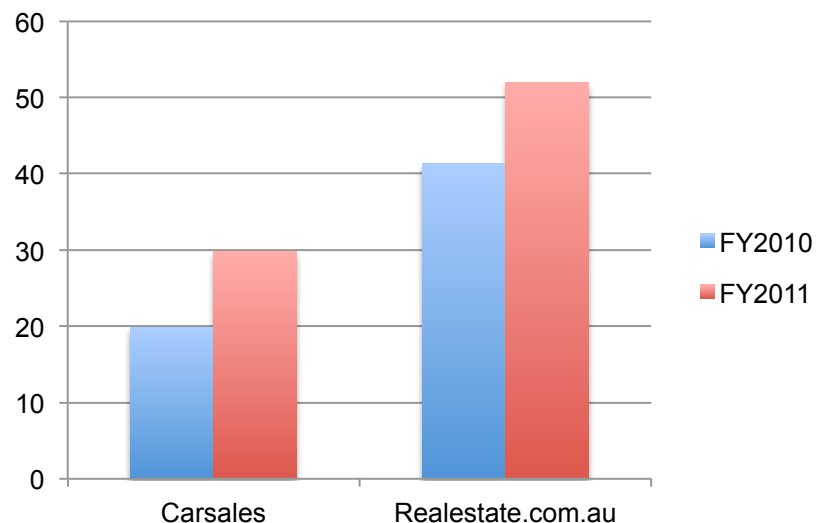
Carsales

- Carsales display ad revenue growth in FY2011 was **51% on pcp**
- That compared to only **22%** YOY growth for all other revenue

Realestate.com.au

- REA's display ad revenue growth in FY2011 was **26% on pcp**
- That compared to **23%** YOY growth for total revenue
- That makes REA 4th largest display ad publisher in Australia by revenue

Customer growth in display advertising



- Both Carsales and REA were well above the overall **22%** annual display ad growth rate for all publishers
- Both Carsales and REA are using Adslot's technologies to help accelerate growth in display ad revenue

Adslot products are attractive to classifieds portals

Adslot's Unique Selling Proposition (**increase revenue** from display advertising while **reducing costs**) is attractive to classifieds publishers because:

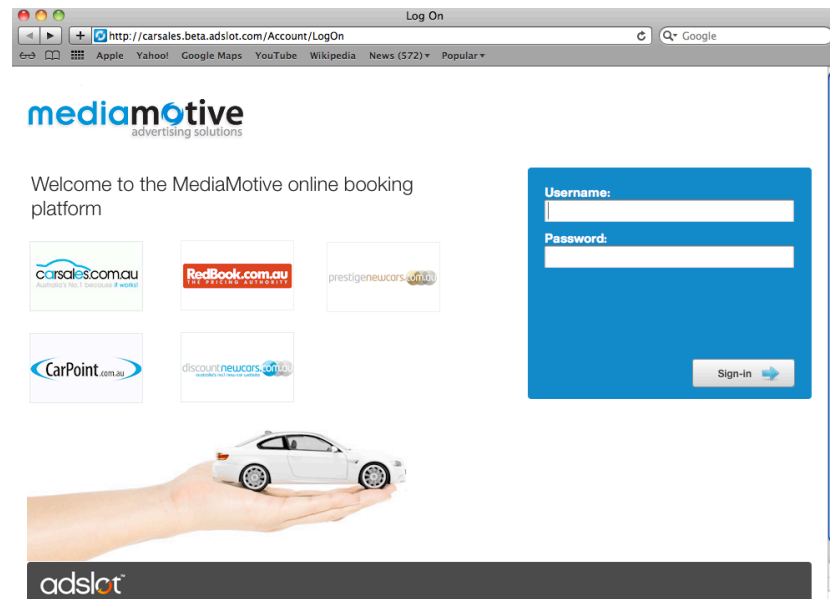
1. They are technology-smart companies who already **understand the economic value** of selling **classifieds listings** via a self-serve advertising platform. (ie. they immediately understand the positive impact that Adslot's self-serve sales channel for **display ads** can have on revenue growth and profit margins)
2. They realise that their **listings business is maturing** and growth is slowing as they reach saturation. In order for them to maintain revenue growth, they are looking to **display advertising** and **value-add products around the listings** to sustain rapid revenue growth
3. They have a **highly valuable** and dedicated "**in-market**" audience who are actively looking for houses, cars, or jobs, which enables Adslot to drive higher yield due to the **highly-contested** nature of the classifieds publishers' display ad inventory

Key take-out: Adslot is in the sweet spot of classifieds publishers strategic goals regarding value-add products and growth in display advertising

Adslot's technologies give classifieds portals the ability to **maximise revenue growth in display advertising**

Customer Overview – Carsales.com.au

- Adslot's first platform for **carsales.com.au** went **live in November 2010**
- The platform is an **internal ad sales tool** used by Carsales' ad sales team to **optimise the forward sale of premium display ad inventory** to large car manufacturer advertisers
- Once a year, forward market
- Adslot has further refined this tool for use by Carsales again in November 2011 and beyond



Example Only

Customer Overview – Realestate.com.au

- Adslot’s first platform for **realestate.com.au** went **live** in **April 2011** (Victoria only)
- The platform was rolled out **Nationally** in **August 2011**
- The current platform enables Real Estate agents to purchase **Suburb Sponsorship** via the Adslot patented auction system
- Take up by Real Estate Agents and Revenue on Platform is continuing to grow at a strong rate

realestate.com.au
Australia's No.1 property site™

Welcome Firstname Lastname from Agency | Help | Logout

Home | My Suburbs | Search | Account

Manage your suburbs

Filter the results below

Suburb:

Section: Buy Find an Agent Rent Sold Prices

Status:

Current Auction Ending: 4 Days, 5 Hours, 43 Minutes, 21 Seconds

Suburb	Product	Section	Price inc. GST	Term Price inc. GST	Term	Status	Activity	Ending
Southview 3103	Banner Advertising	Buy	\$950 / mth	\$5,700	6 mths	Leading	1 / 3	28/12/11
Southview 3103	Banner Advertising	Find An Agent	\$950 / mth	\$5,700	6 mths	Not Leading	6 / 9	28/12/11
Southview 3103	Banner Advertising	Rent	\$950 / mth	\$5,700	6 mths	Place Bid	0 / 10	28/12/11
Northview 3122	Banner Advertising	Find an Agent	\$700 / mth	\$4,200	6 mths	Buy it now	3 Watchers	-
Westview 3002	Banner Advertising	Rent	\$700 / mth	\$4,200	6 mths	Buy it now	1 Watcher	28/12/11
Westview 3002	Banner Advertising	Buy	-	-	6 mths	Under Offer	1 Watcher	28/12/11
Eastview 3003	Exclusive Agent Showcase	Sold Prices	-	-	26 wks	Sold	-	28/12/11

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Example Only


Customer Overview – Realestate.co.nz

- realestate.co.nz chose Adslot to automate the sale of **premium listings**. The platform went **live in April 2011**
- Stage **two** of the platform rollout will allow the real estate agents to design and customise their premium listings using **Adslot's Ad Builder technology**
- The **premium listing** product has been added to the Adslot platform as a **core product** available to other customers

View a property listings premium bookings


Property ID:

Barfoot & Thompson Wellington
66 Penrose Street, Woburn



Residential - Buy \$1,550,000

Barfoot & Thompson Wellington
66 Penrose Street, Woburn



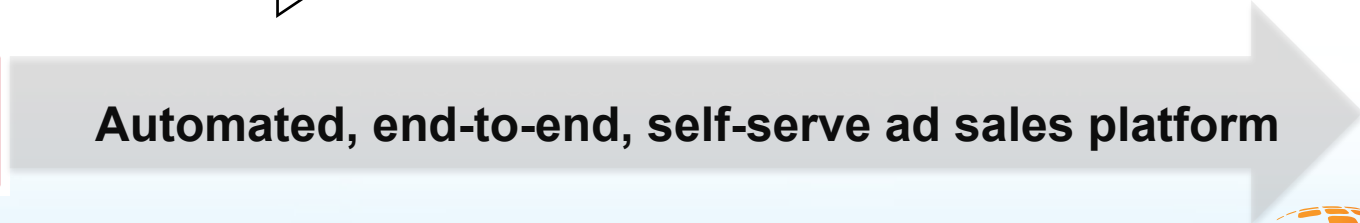
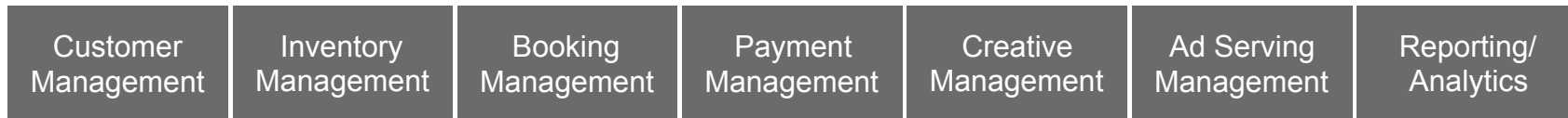
Rural - Buy \$1,550,000

		Price	Bookings		
February	Week 5 30/1/11 to 5/2/11	\$500	<input type="button" value="Remove"/>	Booked	Booked
	Week 6 6/2/11 to 12/2/11	\$500	<input type="button" value="Remove"/>	Booked	Booked
	Week 7 13/2/11 to 19/2/11	\$500	<input type="button" value="Remove"/>		Booked
	Week 8 20/2/11 to 26/2/11	\$500	<input type="button" value="Remove"/>		Booked
March	Week 9 27/2/11 to 3/3/11	\$500	<input type="button" value="Remove"/>		Booked
	Week 10 4/3/11 to 10/3/11	\$500	<input type="button" value="Remove"/>		
	Week 11 11/3/11 to 17/3/11	\$500	<input type="button" value="Add"/>	Available	
	Week 12	\$500	<input type="button" value="Add"/>	Available	

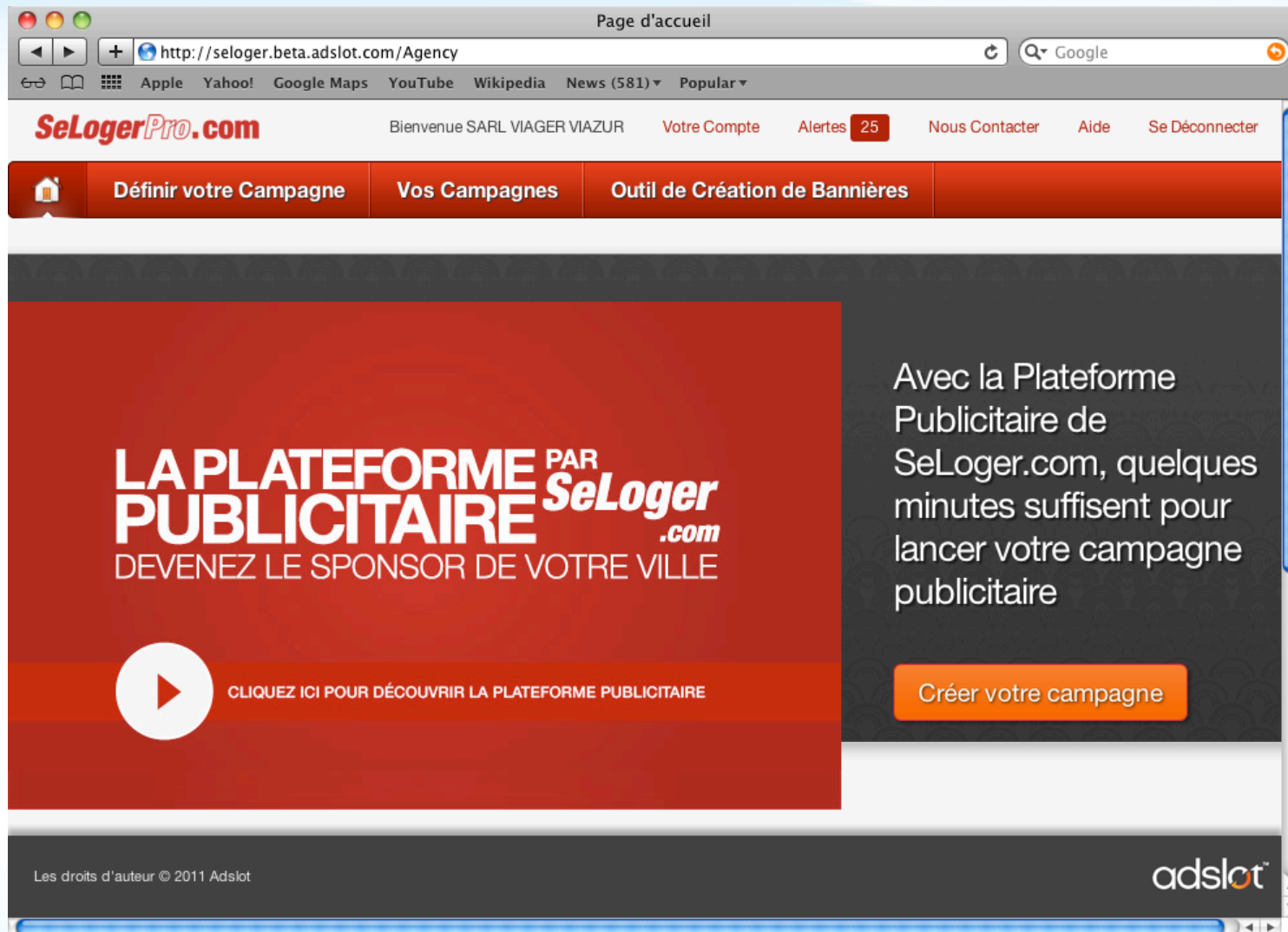
Example Only

Customer Overview – SeLogger.com

- France’s largest real estate portal, and the fifth largest in the world in terms of revenue
- SeLogger is Adslot’s first customer to utilise all of Adslot’s proprietary technologies acquired in the past 18 months, providing a fully-automated, end-to-end, self-serve product



SeLogger.com End-to-end Platform



End-to-end Platform Live Demo (English)

With Adslot's advertising platform you can get your campaign up and running in minutes.

Start advertising now

Increase advertising efficiency Market penetration Expand your brand

- Promote your brand online with the #1 web portal
- Increase market penetration
- Increase your market penetration
- Increase revenue by automating
- Customize your campaigns, track your success and target new audiences

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Website	Section	City/Department	Available	Min. Bid	Price	Add to watchlist
Demo	Rent	Allison (2058)	0 %	10 %	\$2,000.00 Ex Tax	Details Watching
Demo	Buy	Allison (2058)	60 %	10 %	\$2,364.00 Ex Tax	Buy Now Watch
Demo	Rent	Apple Tree Flat (2850)	80 %	10 %	\$1,332.00 Ex Tax	Buy Now Watching
Demo	Buy	Apple Tree Flat (2850)	90 %	10 %	\$2,364.00 Ex Tax	Buy Now Watch
Demo	Rent	Baw Row (3833)	80 %	10 %	\$2,364.00 Ex Tax	Buy Now Watching
Demo	Buy	Baw Row (3833)	100 %	10 %	\$4,368.00 Ex Tax	Buy Now Watching
Demo	Rent	Beaconsfield (2014)	80 %	10 %	\$1,332.00 Ex Tax	Buy Now Watching
Demo	Buy	Beaconsfield (2014)	90 %	10 %	\$2,364.00 Ex Tax	Buy Now Watch
Demo	Rent	Beetham Creek (6033)	80 %	10 %	\$1,746.00 Ex Tax	Buy Now Watch

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Sponsorship opportunity

Sponsorship Details Preview

Website: **SeLogger.com**
Our premier website listings portal

Term Begins: **19 Sep 2011**
Your ads will start appearing on the date above.

Other Sponsorship Owners

Agency	Share
Agency 0 for Network 1	10 %
Agency 1 for Network 0	10 %

Proceed to purchase

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Submit your payment

Website	Demo	City/Department	Apple Tree Flat (2850)	Term Begins	19 Sep 2011
Section	Rent	Share of voice	20 %	Term Duration	2 weeks

Your Credit Card Details

Name on card: **Joe Brown** ✓

Card Number: **4311111111111111** ✓

Expiry Date: **12 / 12** ✓

CVV: **123** ✓

I have read and agree to the Terms and Conditions

Process Transaction

Total price: \$2,864.00 Ex Tax

Total: **\$29,304.00 Inc Tax**

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Review and manage your campaign

Website	Section	City/Department	Share of Voice	Term Price
Demo	Rent	Apple Tree Flat (2850)	20 %	\$2,664.00 Ex Tax

Total Impressions for the selected date range: **0** (14 Aug 2011 - 13 Sep 2011)

Campaign Status: **Not Started** (This campaign will start on 19 September 2011)

Creative Ad: **Auto** (The new term will automatically be purchased on the next renewal date.)

Renewal Date: **3 Oct 2011 - 16 Oct 2011**

Renewal Date: **26 Sep 2011**

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Choose an ad and customise it!

Industry: Real Estate Purpose: All Ad Preview Size: Small Large

Showing 7 of 78 available ads

Three on the Block Planning Your Retirement Over 150 Homes House Hunting

Just Listed Real Estate Friendly Staff

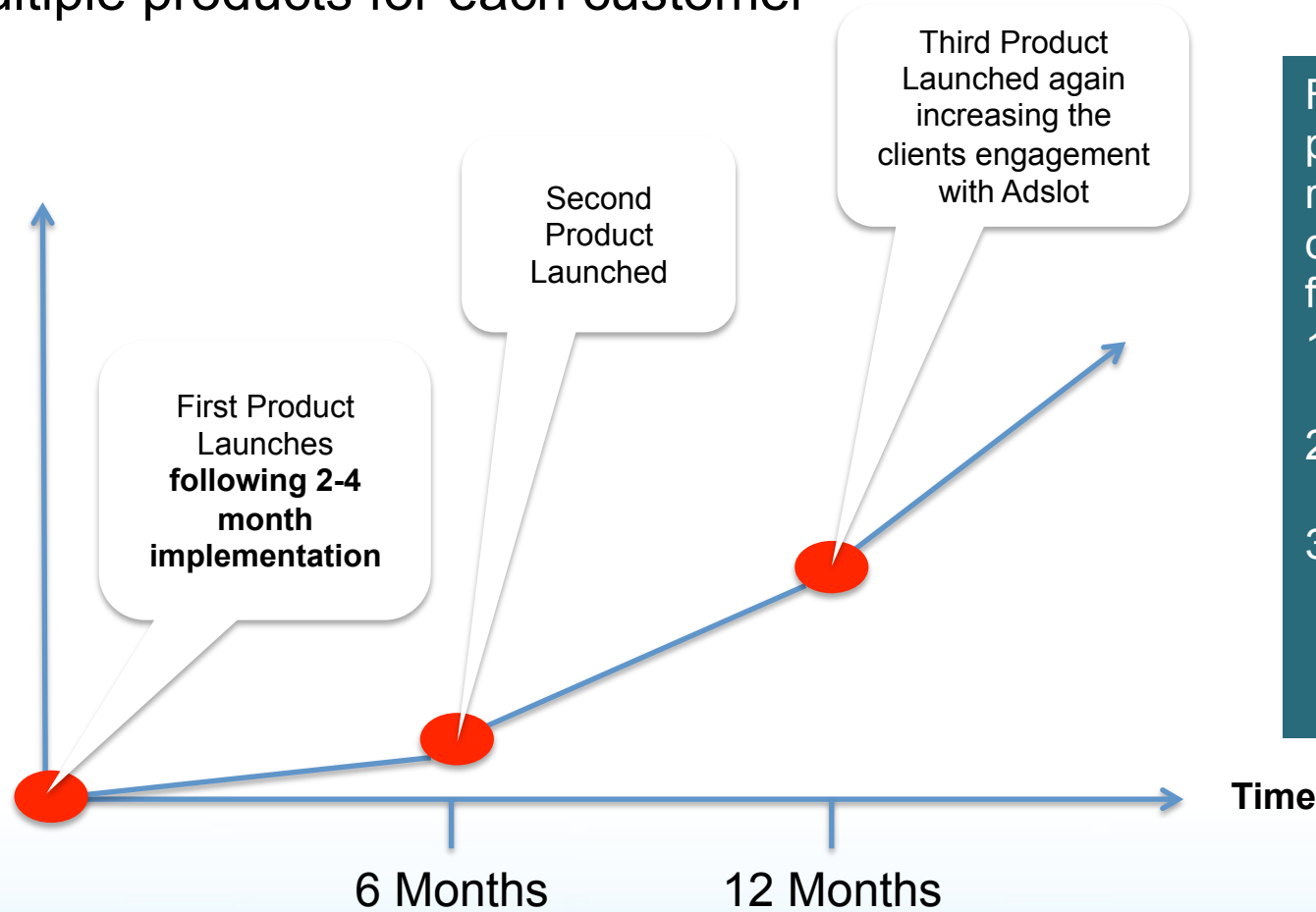
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SeLogger launch is a key milestone in the company's product evolution

- Adslot has successfully **integrated** all the various technologies acquired over the past 18 months into one **seamless end-to-end platform**
- Adslot now has a **standardised product** that it can sell to all other publishers world-wide (not just classifieds publishers)
- Adslot has significantly **reduced product implementation timeline** (3 months vs 6 months for other deployments)
- Implementation times will be further reduced with successive customer deployments, allowing even **quicker on-boarding of revenue**
- SeLogger is Adslot's **first second-language (non-English) platform** – proves we have a genuine, world-wide customer-offering
- Full end-to-end automation allows Adslot to negotiate a **higher share of revenue** on platform

Adslot grows its client revenue on platform over time

Multiple products for each customer



For a real estate portal, product rollout may develop as follows:

1. Suburb Sponsorship
2. Premium Listings
3. Direct to small advertisers automation

Future market and product opportunities

In addition to its current focus on solutions for major classifieds portals, Adslot intends to expand its customer base by selling its new end-to-end, self-serve platform **to other major online publishers outside of classifieds**

In addition, Adslot is also developing two new product areas:

1. Adslot Direct for **small-to-medium-sized content publishers**
 - Allows small-to-medium content publishers to sell inventory directly from their websites
 - Product-in-a-box
 - Build it once, sell to many
 - Hosted in the cloud
 - Self-serve set-up and installation for publishers
 - Chasing the long-tail of ad revenue captured by niche publishers
2. Stand-alone **Ad Builder for Advertisers**
 - Initially targeted at SMB advertisers, looking to build display ads quickly and cheaply

More on these exciting products in the coming months



Current Operational Focus – revenue growth

Pivoting from being a highly-customised software services provider to a product-driven sales organisation

- 1. Focus on bringing revenue onto our current platforms quicker by:**
 - Reducing sales lead times to online classifieds publishers
 - Simplifying and standardising our products and pricing structure
 - Improving sales processes
 - Increasing products sold to our customer base and standardising the commercial terms upon which they are sold
- 2. Expanding our customer base to include other large publishers outside of classifieds by:**
 - Leveraging existing automated, end-to-end ad sales platform (ie. SeLogger)
- 3. Further expanding customer base to include small-to-medium content publishers by:**
 - Further focus on product innovation and development utilising technologies already built
 - Build-it-once, sell-to-many “product in a box” for small-to-medium content publishers

Essentially, a focus on People, Products, Processes and Performance (revenue)

Adslot Financials

- In FY 2012 we will continue to **add new advertising inventory from our existing clients as well as adding new clients**
- We expect our **costs to increase** and **continued losses in FY2012** as we continue our rapid roll-out in to other geographic and vertical markets, but anticipate **steadily growing revenues during the same period**
- We expect to deliver **strong revenues** and **profitability** on a client-by-client basis from the **second year** following initial implementation
- This will ultimately **deliver strong profitability**, but **will take time** to build
- **New products** and market opportunities will supplement existing revenue channels

Group Financial Summary

- We have **sufficient cash** to see us through to profitability, and **we do not intend on raising any more money** to execute on our current strategy
- Operating within our current strategy sees us with a **solid prudential cash buffer**, which we will use to develop new products, enter new markets or for value accretive acquisitions

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