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ASX ANNOUNCEMENT

30 April 2014

Adslot Trading Update

Operational Update

The centrepiece of the Company's product strategy is the integration of *Symphony*, a workflow and trading solution for advertising agencies, and *Adslot Marketplace*, a purpose designed trading platform offering buyers of advertising direct access to a large and growing catalogue of premium publishers. This work is progressing well and to plan. In tandem with this, regular releases of new product features continue.

The sales process is gathering speed, with the last six weeks in particular seeing a marked increase in both pipeline and inbound interest. Importantly, this momentum is starting to translate to trading activity from our primary target, the media agency. The Company anticipates **revenues derived from trading activity will grow** as a result.

Adslot & Facilitate Merger Creating Significant Sales Momentum

Following the acquisition of **Facilitate Digital** in December 2013, teams have been successfully merged under a single organisational structure and responsibilities assigned across a combined leadership group.

Collaboration across the enlarged Company has resulted in **sales momentum**, including the signing of additional large, premium publishers (see this trading update for further detail) and initial adoption of the *Adslot Marketplace* from media agencies. While the number and size of these transactions does not yet represent material revenues for Adslot it does represent positive endorsement of the product and concept from the marketplace.

Integration of Adslot And Symphony Creates Industry Leading Media Trading Platform and Will Generate New Revenues

The *Adslot Marketplace* was launched globally in the October 2013, and included functionality that allows large media buyers to purchase premium advertising inventory directly from a selection of **Adslot's** publisher customers.

A core objective of **Adslot's** acquisition of **Facilitate Digital** is to allow media agencies using **Facilitate's** *Symphony* platform to buy inventory directly from **Adslot's** *Marketplace* in a seamless and fully integrated fashion, each media trade generating new transactional revenue for the Company.

The agencies using *Symphony* currently assign more than **AUD \$1 Billion per annum** in online display ad spend through the *Symphony* platform.

Underpinned by newly won contracts and deployments into new markets for existing clients, **this is expected to grow to AUD \$2 Billion per annum by the end of the 2014** calendar year (see section below for further details of new *Symphony* deployments).

The work required to integrate *Adslot Marketplace* and *Symphony*, and thereby offer Adslot publishers direct access to over AUD \$1 Billion of agency spend, is progressing to plan. It is anticipated a first release of this integration will take place towards the end of the June 2014 quarter.

New Deployments of Symphony to Generate New Revenues

Throughout the second half of FY14, Adslot is deploying *Symphony* into a number of new agency clients across APAC and the US, including:

- o **Omnicom Group** – Australia & New Zealand (Omnicom is the world's second largest media agency group)
- o **GroupM** – Malaysia, India and Thailand (GroupM is the world's largest media agency group)
- o **The Richards Group** – US (The Richards Group is the largest independent agency in the US)

When the integration of *Symphony* and the *Adslot Marketplace* is released, these agencies will all be able to buy premium inventory direct from Adslot publishers via *Symphony*.

Agencies See Value in the Adslot Marketplace - First Trades Secured

Prior to the launch of the *Adslot Marketplace* in October 2013, *direct advertisers* were the primary users of Adslot, buying advertising inventory direct from **Adslot's** publishers rather than via an advertising agency.

The Company previously advised that the process of selling the ***Adslot Marketplace to media agencies*** would take one to two quarters. This is now starting to show results, with initial trades secured from agencies.

The sales pipeline of media agencies is **building in multiple markets**, including US, UK and Australia.

Broad media agency adoption and ongoing use of the *Adslot Marketplace* is a **key focus for the Company in order to drive significant growth in trading volume** on the platform.

Large Publishers see Value in Adslot Technology

The Company continues to sign new publishers, the depth and diversity of premium inventory available via Adslot continuing to grow. The Company has now signed more than **700 publishers** representing tens of billions of ad impressions.

Premium publishers around the world are signing with Adslot to make their most valuable premium inventory available directly to buyers via the **Adslot** platform.

Examples of recent publisher signings include **SEEK, Southern Cross Austereo, Haymarket Publishing, The UK Independent & Evening Standard** and **Morningstar**.

Market Leading Product Innovation Continues

In recent months significant new features have been deployed within both *Adslot Marketplace* and *Symphony*, including:

For Publishers:

- Publishers can now list **inventory by device**, such as PC, Tablet and Mobile, increasing inventory available and potential sales on platform;
- Publishers can now create a **private marketplace**, listing just their own ad inventory, helping Adslot to secure additional larger publishers;
- Publishers can now **package multiple products** to enable greater sales flexibility leading to increased sales.

For Advertisers and Agencies:

- Advertisers can now **'make an offer'** on publisher inventory, creating a more open marketplace and leading to increased sales volume;
- Agencies now have access to sophisticated **campaign investment reporting**, which creates transparency for agencies and will help **Adslot** gain agency adoption.

Product innovation will continue to focus only on those features that are the key to Adslot's future success. These are features that will:

- help Adslot secure more premium publishers;
- help Adslot secure increased agency adoption;
- increase transactional *volume*;
- increase transactional *value*.

Adslot's business model is based on collecting a percentage of all transactional revenue of media traded via the Adslot platform.

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