

## Market Briefing

November 2007

# Facilitate Digital - Board

## **Robert Hunwick**

Non Executive Chairman

Former MD Tyndall Australia Limited, former CEO CIC Insurance Limited. Current Chairman DKN Financial Group Limited

## **Ian Lowe**

Chief Executive Officer & Executive Director

Media and marketing background with George Patterson Bates, Thompson Media and PMP Limited. Former Managing Director of Red Sheriff Limited.

## **Ben Dixon**

Chief Operating Officer & Executive Director

Advertising background with DDB Needham and Mojo Partners. Co-founder of Facilitate Digital.

## **Timothy Norton**

Non Executive Director

Co-founder and executive director of Oakton Limited. Also a Director of IWL Limited.

## **Charles Sweeney**

Non Executive Director

Co-founded Facilitate Digital. Lawyer with Brisbane commercial law firm Cooper Grace Ward, specialising in mergers & acquisitions, IP and corporate advisory work.

## **Peter Vial**

Non-Executive Director

Ex-chairman of Purus Energy Limited. Founder and Managing Director of Country Road Limited and former founding shareholder and Chairman of Bendigo Mining NL.

# Facilitate Digital – Business Overview

- ◆ FD develop software solutions that measure, analyse and optimise all forms of digital marketing (online display advertising, search marketing, email & mobile marketing and eCommerce).
- ◆ We sell this software to advertisers, media agencies, publishers and SME's.
- ◆ Digital media is a global market worth AUD \$28B\* p.a. and is expected to grow to AUD \$48.5B\* in CY 2009.
- ◆ Mature markets such as US, UK, Europe and Australia are growing in excess of 40% p.a.
- ◆ Digital media spend is worth over \$1B p.a.\*\* in Australia and is already larger than radio
- ◆ Global digital media spend will exceed radio by 2008\*
- ◆ Online spend in UK accounts for 13.5% of total media spend, and is forecast to reach 21.5% by 2009\*
- ◆ Spending on advertising into mobile devices is forecast to grow 9 times 2006-2011, to AUD \$15.5B (US \$14B)\*\* as advertisers seek to tap into 2.7B mobile phone subscribers.

\* Zenith Optimedia Global Adspend Outlook 2007

\*\* IAB Online AdSpend Market Report

\*\*\* Mobile Marketing Association

# Facilitate Digital – Business Overview

- ◆ Advertisers invest approximately 5% of ad spend in the technology that measures and analyses effectiveness and return on investment.
- ◆ FD have built a dominant position in Australasia as a provider of this technology, successfully taking market share from larger US based rivals.
- ◆ FD have established infrastructure and sales offices in key international markets to export our proven, scalable technology.
- ◆ Our business model is underwritten by passive recurring revenues from 2-3 year client contracts.
- ◆ For large scale advertisers measurement and analysis toolsets such as those we provide are a non discretionary item.
- ◆ There are less than 10 global providers with which we compete.

# Facilitate Digital - background

The screenshot shows a search engine results page for 'Citibank Credit Card'. The search results include sponsored links for Citibank Credit Card, ANZ Low Rate Credit Card, and Citibank Australia - Citibank Gold Card. A large yellow box highlights a 4.9% p.a. offer for life on balances you transfer. Below this, there is a list of card features and a 'Get a response in 60 secs' button. Three purple arrows point from the search results to the Facilitate Digital logo on the right.

**4.9% p.a.<sup>1</sup> for life on balances you transfer<sup>1</sup>**

**Card Features:**

- Up to 4% cash back<sup>2</sup> automatically
- Low rate of 4.9% p.a.<sup>3</sup> for life of balances you transfer<sup>1</sup>
- Up to 55 days interest free on retail purchases
- Credit limit of up to \$20,000<sup>4</sup>
- Access to Citibank World Privileges

**Get a response in 60 secs**



**Single source of auditing, reporting, analysis and optimisation across display, search, affiliate, email and site analytics activity**

# Facilitate Digital - background

- ◆ Leading provider of digital marketing technology
- ◆ Established in 2000 - HQ in Sydney, Australia
- ◆ Listed on ASX in April 2007, market cap of \$58M (fully diluted)
- ◆ Proven technology and business model – FD dominate the media agency market in Australia with over 50% market share
- ◆ Proprietary technology
- ◆ FD clients include some of the worlds leading corporations and agency groups

Microsoft

UniversalMcCANN  
.....



HSBC   
The world's local bank



ORACLE®

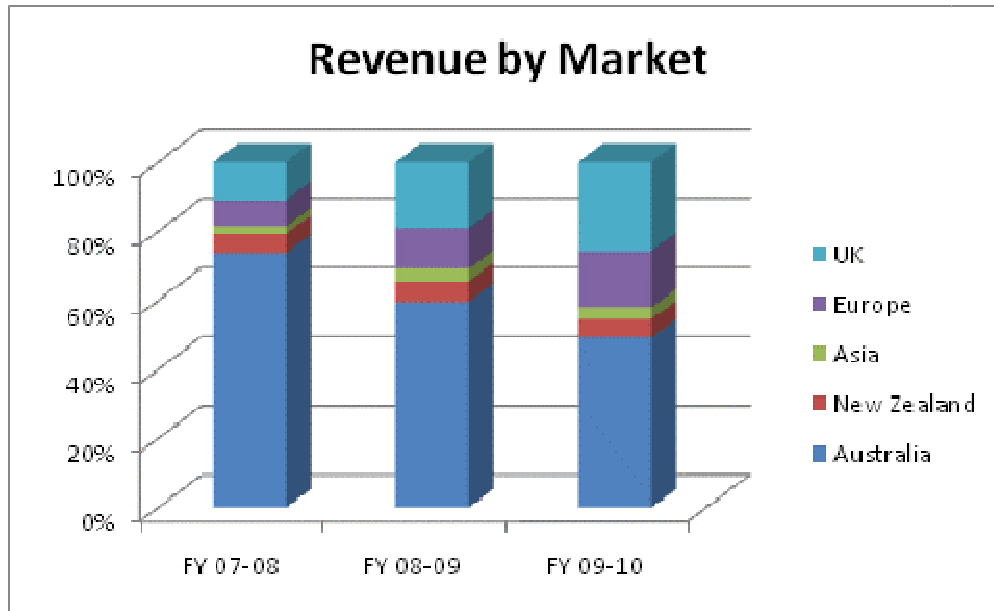
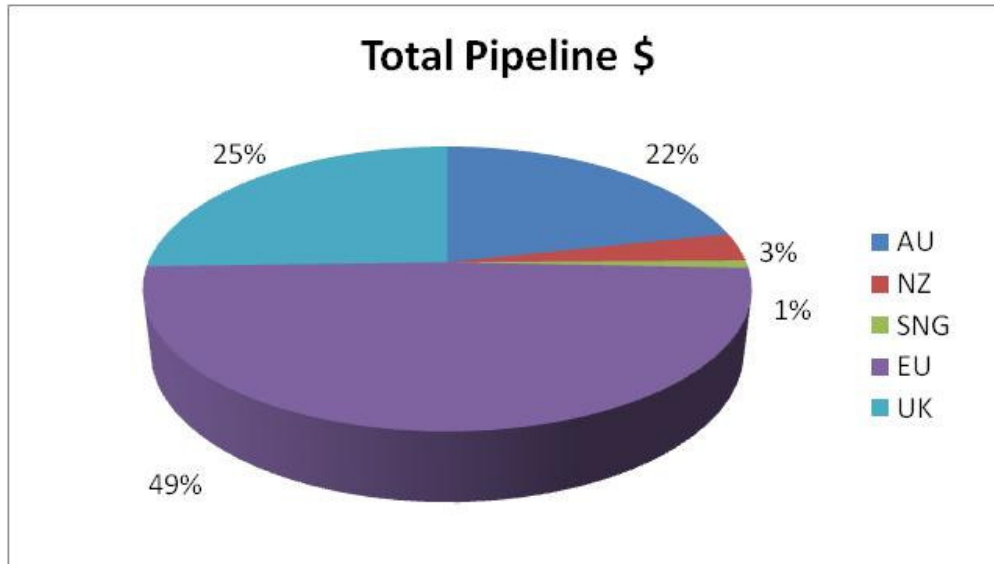


# Growing global footprint...



- ◆ London office established October 2007
- ◆ Strong response from key UK prospects
- ◆ Regional contracts in prospect

# Strong international sales pipeline...



- ◆ UK sales pipeline established in first month of operation
- ◆ Healthy pipeline distribution by market
- ◆ International sales to contribute more than 55% of total revenue by FY10
- ◆ UK and Europe to contribute 44% of total revenue by FY10

- ◆ Digital media adspend in UK reached £1.334B\* (AUD \$3.335B) for H1 of CY07

\* IAB official market report compiled in association with PWC

- ◆ *'spending on online advertising in Europe will rise from €7.5bn in 2006 to more than €16bn (AUD \$25.8B) in 2012'*

**Forrester**

# Viral sales model...

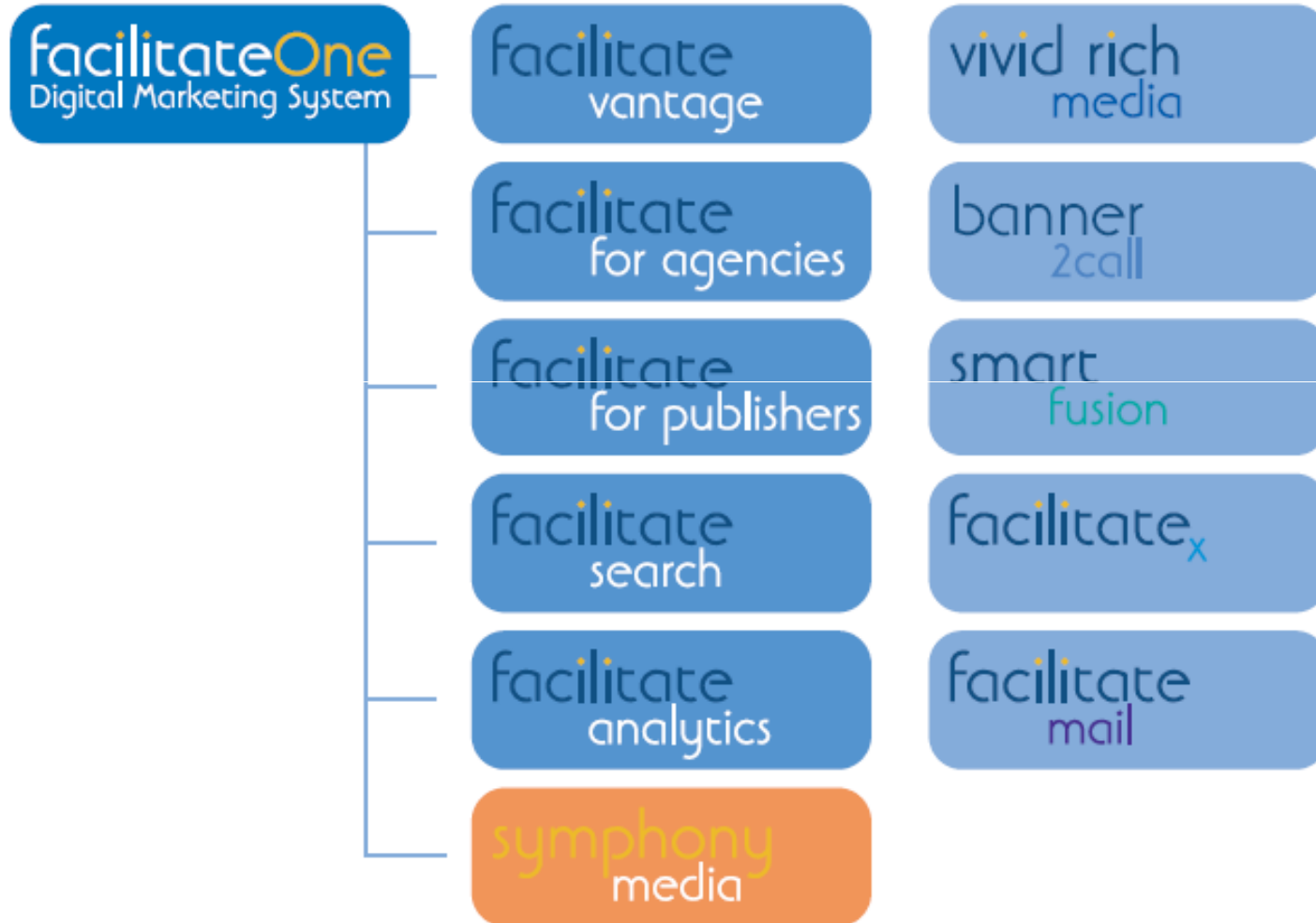
|                            | Agency  | Corporate  | Publisher  | SME's |
|----------------------------|---|--|--|-------|
| <b>Resellers</b>           | <ul style="list-style-type: none"> <li>Traffickers</li> <li>Search agencies</li> <li>Media consultants</li> <li>Technical &amp; data consultants</li> </ul> | <ul style="list-style-type: none"> <li>Agencies</li> <li>Web Developers &amp; usability</li> <li>Search agencies</li> <li>Researchers</li> </ul> | <ul style="list-style-type: none"> <li>Web Developers &amp; usability</li> <li>Search agencies</li> <li>Researchers &amp; consultants</li> <li>Agencies</li> </ul> |       |
| <b>Viral</b>               | 1. Engage with corporate and work back to agency  | 2. Engage with agency and work back to corporate   | 3. Engage with agency and work back to publisher   |       |
| <b>Vantage</b>             | ✓   | ✓  | ✓  | ✓     |
| <b>Adserving &amp; VRM</b> | ✓ 1 ←   | ✗  | ✓  | ✗     |
| <b>Symphony</b>            | ✓ 3 ↔   | ✗  | ✓ 3 ↔  | ✗     |
| <b>Search</b>              | ✓ 1 ←   | ✓ 1 →  | ✓  | ✓     |
| <b>Analytics</b>           | ✓ 2 →   | ✓ 1 →<br>2 ←   | ✓  | ✓     |
| <b>Email (ID)</b>          | ✓ 2 →   | ✓ 1 →  | ✓  | ✓     |
| <b>Mobile (ID)</b>         | ✓ 2 →   | ✓ 1 →  | ✓  | ✓     |
| <b>Services (ID)</b>       | ✓   | ✓  | ✗  | ✗     |

✓ Primary  
 ✓ Secondary  
 ✓ N/A

# Facilitate Digital – market dynamics

- ◆ Digital advertising is fragmenting, is complicated and doesn't scale well
- ◆ The industry requires tools that address growing inefficiencies
- ◆ The theme of integration is essential to industry profitability, this at two levels:
  - ◆ Integration of workflow across planning, buying, production, trafficking and finance
  - ◆ Integration of historical data
- ◆ The ultimate value of digital marketing technology lies in the accumulation and leverage of data assets
- ◆ **FACILITATE DIGITAL IS THE ONLY PROVIDER OFFERING A PURPOSE BUILT, SINGLE PLATFORM SOLUTION THAT ADDRESSES THE DUAL REQUIREMENTS OF WORKFLOW EFFICIENCY AND DATA INTEGRATION**

# Facilitate Digital – integrated product family



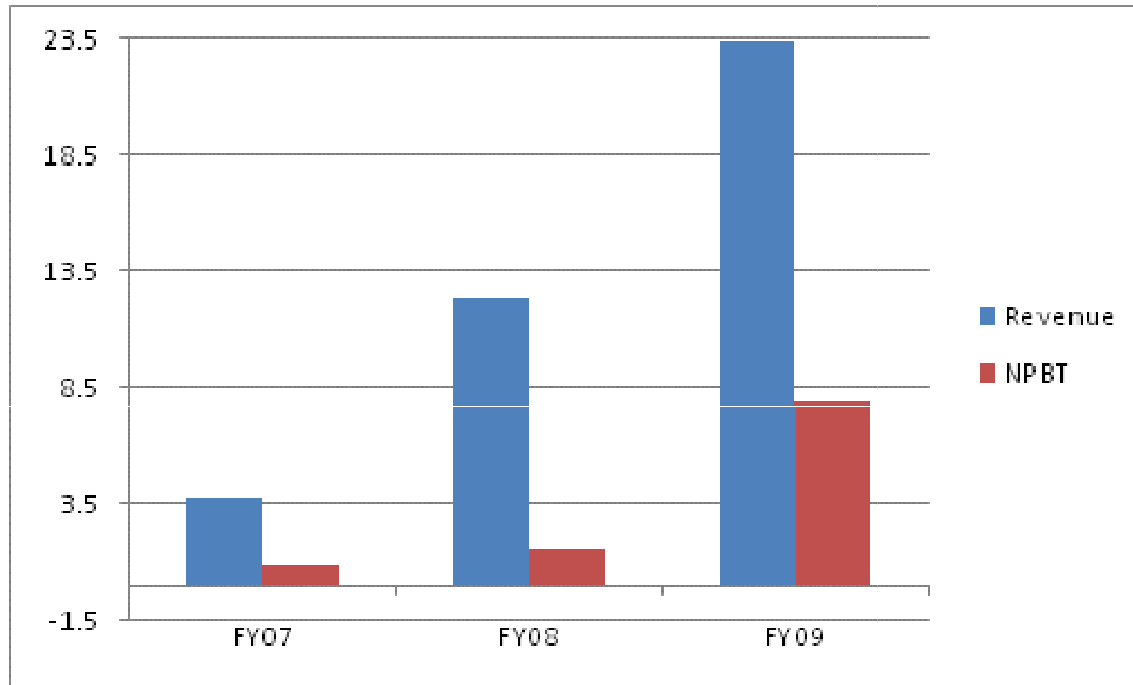
# Facilitate Digital – market dynamics cont.

- ◆ Media sellers are buying technology, media buyers are buying technology
  - ◆ Google buys Doubleclick for \$3.1B
  - ◆ Microsoft buys aQuantive for \$6B
  - ◆ AOL buys Adtech for \$85M
  - ◆ Yahoo buys Right Media for \$680M
  - ◆ WPP buys 24/7 for \$650M
- ◆ Traditional lines of engagement and competition are blurred
- ◆ Campaign performance data has become more valuable than ever
  - ◆ Publishers want to bundle it with media to drive sales
  - ◆ Agencies want to own and protect their campaign data
  - ◆ Advertisers want independence
- ◆ **Digital marketing technology is a highly prized asset**
- ◆ **Independence is more valuable than ever**
- ◆ **The sudden focus on independence plays to FD's advantage**

# Facilitate Digital – wins

- ◆ Recent wins include:
  - ◆ Australian Consolidated Press
  - ◆ IBM
  - ◆ Derwent Howard
  - ◆ 3DI
  - ◆ Young & Rubicam
  - ◆ Pixel Group
  - ◆ AdVantage Media
  - ◆ Quicksilver
  - ◆ Coles
  - ◆ Beyond Imagination Entertainment
- ◆ Successfully leveraging relationships with clients from other markets (eg. ACP, 3DI, Young & Rubicam)
- ◆ Strong validation of viral sales model

# Earnings Guidance



- ◆ Revenue - 315% growth FY07 to FY08
- ◆ NPBT - 87% growth FY07 to FY08 (437% growth excluding one off globalisation costs of \$2.0M)
- ◆ Net Margin - 13% to 34% FY08 to FY09
- ◆ FY08 figures include group internationalisation and market development costs of \$2.0M
- ◆ FY10 and beyond - sustained growth rate and significant profits

|         | FY07 | FY08 | FY09 |
|---------|------|------|------|
| Revenue | 3.8  | 12.0 | 23.4 |
| NPBT    | 0.8  | 1.5  | 8.0  |

# Facilitate Digital – capital structure

| <b>Equities</b>                                       | <b>Volume</b> | <b>Market cap.<sup>1</sup></b> |
|---|---------------|--------------------------------|
| Ordinary shares <sup>2</sup>                          | 110.9m        | \$48.8m                        |
| Options – various dates, exercise prices <sup>3</sup> | 47.1m         | \$9.5m                         |
| Fully diluted   | 158m          | \$58.3m                        |

| <b>EPS</b> | <b>Earnings</b> | <b>EPS</b> |
|------------|-----------------|------------|
| FY07       | 0.8m            | 0.6c       |
| FY08       | 1.5m            | 0.9c*      |
| FY09       | 8.0m            | 4.1c**     |

## Notes:

<sup>1</sup> Market cap based on share price as at 16<sup>th</sup> November 2007 (\$0.44)

<sup>2</sup> Majority Directors' and associates interests approx. 66% - 38.6m shares subject to 12 month voluntary escrow (expiry April 2008)

<sup>3</sup> 41.5m options ex 21.1 cents expiring April 2012 being 23.7m issued as consideration for the Facilitate Digital business, 17.8m performance options (profit targets) , 3.6m ESOP and 2.0m existing pre-merger options

\*Includes globalisation investment in FY08

\*\* Projection based on total of 193m shares