



Meeting Title: Fyber N.V. Q3 2017 Results Call

Speaker List: Ziv Elul
Yaron Zaltsman

Coordinator Ladies and gentlemen, welcome to Fyber's results call for the first nine months of 2017. CEO, Ziv Elul, and CFO, Yaron Zaltsman, will outline the financial and operational highlights to you. After the presentation, you are invited to join the Q&A session.

With that, I hand over to Mr. Elul.

Z. Elul Thank you and good morning everyone. Thank you for joining us today for Fyber's Conference Call to present the Interim Report for the first nine months of 2017. Yaron Zaltsman, our CFO, and myself will walk you through the key developments and financials of the period.

To note before we start the presentation, any forward-looking statements outlined in the presentation and the Interim Report are based on current expectations, and are, as a result, subject to market risks and uncertainties. All statements are based on information available to the company as of the date of this presentation and are subject to the risks detailed in the risk section of the Annual Report and the current Interim Report.

Fyber is a publicly traded technology company, developing a next generation platform for the programmatic trading of ads. Across 6 offices we employ more than 300 talented people worldwide, with more than 40% working in R&D and product - a clear proof point that technology and innovation is at the heart of everything we do.

Our proprietary software connects publishers with advertisers worldwide and enables them to monetize their audiences in an optimal way. We reach more than 1.2 billion unique users per month, empowering the publishers by analyzing up to 200 data dimensions per user with the goal of serving targeted, meaningful and highest paying ads. With this, we power the digital economy by enabling the creation of affordable quality content.

We clearly focus on the publishers, supporting their monetization efforts and empowering them to overcome the market imbalances and strengthening their market position. Our unique offering enables us to service all publisher verticals, from major content publishers like the Huffington Post, to social apps like Line or leading gaming publishers like Sega.

The massive reach makes Fyber one of the leading independent publisher-focused companies globally. Our advanced data analysis capabilities, combining the publisher's data with our own ad usage data, brings true value

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to publishers and enables them to compete more effectively with the internet giants. This underlines our holistic approach to monetization: By adding data to an impression we not only increase the buyers' willingness to pay and ultimately the achieved price. We also aim to leverage the data to improve the user experience.

We are mobile in-app first, yet offer products and solutions across screens, covering in-app, mobile web and desktop.

Our comprehensive product offering covers all relevant demand channels and ad formats, enabling publishers to execute their monetization strategies through one provider. We are able to accommodate a wide variety of publishers, from gaming app developers to major publishing houses and Comscore200 publishers.

We offer all of the above as an independent technology provider, strengthening the publishers standing in the value chain. We are directly addressing the reluctance of many publishers to work exclusively with the major internet platforms, who have the inherent conflict of being publishers themselves.

Fyber's offering, our recent product launches and development focus going forward all center around the segments of fastest market growth - mobile advertising, programmatic trading and video advertising.

We recently launched 'VAMP' - our comprehensive video ad monetization platform, and will roll this product out to all group companies with the integration of assets into one technology platform in the course of 2018.

VAMP gives publishers transparency and insights into their own inventory and provides them with the tools to create targeted audience segments, making use of an optimal mix of innovative video ad units to drive their monetization yield.

In October, the Company launched its "Keeping it Clean" Initiative, which included the strategic decision to move away from aggregated supply, and increase its focus on direct publisher integrations. This is in line with recent industry trends calling for a cleaning up of the ecosystem and reducing aggregators. Aggregators add another layer to the value chain of digital advertising, which can create inefficiencies, intransparency, increased chances of fraudulent activities and lower ROI for buyers.

While this initiative has revenue impact in the short-term - we decreased our guidance for this year from €280 million to €240 million - we are confident it will be offset by the strategic value of focusing on our extensive direct supply. We can ensure strong control and high quality of the inventory we are offering and with that fuel the long-term growth of the Company.

The move is consistent with our mission of servicing the world's leading publishers, as well as with our product strategy. We will continue to build

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products that are appealing to direct and premium publishers, such as the recently launched video platform.

The integration of the group companies will make Fyber one of the largest, most innovative providers of independent publisher-focus monetization technology that services all publisher verticals. As part of the integration we will sunset all brands of the standalone group companies and launch the new Fyber Brand in the first quarter of 2018.

Fyber will leverage the best technological assets of each of our different business units, consolidating our strengths around reach, scale and technology.

We are directly integrated with more than 10,000 apps and sites, reaching more than 1.2 bn monthly users and giving us robust data insights. Our main products are geared towards the mobile in-app environment and programmatic trading, yet we enable cross-screen monetization by offering advanced capabilities also on mobile web and desktop.

Fyber offers extensive video tools that support industry standard formats, but also includes proprietary, innovative video ad-units and technology such as our outstream video format “Story”, especially suitable for leading content publishers, such as major newspapers.

Going forward we will continue to focus our investments and growth strategy on our powerful exchange, that already today combines programmatic and non-programmatic advertising, enabling all kinds of campaign types.

Fyber’s unified auction allows for parallel bidding of multiple demand sources and types - truly focusing on the yield optimization of the publisher without losing yield or creating inefficiencies by using more traditional waterfall models.

We believe in providing a fair auction for all our partners, and giving transparent granular insights into the transactions and the achieved monetization results.

Fyber’s superior data infrastructure provides publishers and advertisers with the necessary insights to achieve their optimized monetization strategies on the one hand, and their targeted advertising goals in case of the marketers on the other hand.

All our tools and products are geared towards balancing the monetization output and the user experience.

We believe in providing a strong, comprehensive platform to the market, that fuels the creation of quality content in a mobile-first, mostly free and freemium environment and will continue to drive innovation and technological leadership following this mission.

With that I hand over to Yaron.

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Y. Zaltsman Thank you Ziv.

As of the first nine months of this year, more than two-thirds of our business was generated by programmatic trading. Revenues from programmatic grew more than 45% in the first three quarters year-over-year. We believe the share of programmatic revenues will continue to increase.

73% of revenues come from Mobile for the first nine months of the year, compared to 77% in 2016. While Mobile remains our primary focus area, the growth in desktop revenue is in-line with our commitment to serve publishers across screens and advertising environments.

We continued the investment focus on our video capabilities, resulting in the recent roll-out of our video monetization platform VAMP. Revenues from our various video ad formats grew by more than 20% during the first three quarters, with Display revenue achieving the same growth. Going forward into year 2018, we expect that the adoption of VAMP over the coming months will lead to an increase in the share of video revenues.

Looking at the revenues by geography based on the publisher location, we can see that APAC continues to grow its share, dominated by the growth in China. This comes in line with market expectations: While US, China, Japan, the UK and Germany remain the top five ad markets in terms of volume, the Chinese market is one of the strongest contributors to the overall and the mobile growth. It is estimated that by 2018, China's ad spend will outgrow that of Japan, the UK and Germany combined.

APAC in general and China in particular is also one of the areas of longer-term growth for Fyber. Currently we are mostly serving Chinese publishers looking for international demand - with the vast potential of serving the domestic market still left largely untouched.

In addition to our reported financial statements, this slide provides the pro-forma financials of 2016, which include the acquisitions of Heyzap and Inneractive as if they closed on 1 January 2016 - providing a like-for-like comparison.

For the first nine months of the year, we have seen a 20% uptick in gross revenues to more than €177 million, largely driven by the growth in our programmatic business units, which increased by 45%. The average gross margin remained largely unchanged at 29.5%.

We achieved a positive adjusted EBITDA for Q3 2017 at €0.4 million. We are confident in Fyber's continued growth in both the short and long term. This growth, along with our ongoing investment in sustaining a leaner, more efficient operation, has been leading the Company towards positive adjusted

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EBITDA in the last two quarters, which is expected to increase as a percentage of revenue over time.

As outlined by Ziv we decreased our revenue guidance from €280 million to €240 million for the full year 2017. The update was necessary due to our clean marketplace initiative, which includes shutting down aggregators on the publisher-side. We are convinced that this strategic decision, even though it negatively impacts our revenue in the short-term, is critical for future growth as we fulfill our partners' requirements with regards to transparency, clean and in parts unique inventory and direct publisher integrations.

We will update our revenue guidance for the year 2018 in the beginning of the year, as we need more data around the roll-out and adoption of our recently launched products to assess their impact. In our Q3 Report we also add the recent developments around charging-screen ads to our Risk Profile. There is a risk that Google's Play Store policy around the use of these ads might affect the Company's short-term revenue development in the beginning of 2018 as Fyber has customers using this ad format.

With the integration of all group companies and the stabilization of business we expect a stable gross margin of around 30% going forward.

Based on our integration efforts and the involved synergies, there is no anticipated change to the 2018 EBITDA projections which are expected to remain at least €15 million.

As a long term 3-years goal we are still targeting a revenue run rate of more than €600 million and an EBITDA margin of at least 8%.

The next events for us will be Annual Analyst Conference next week in Frankfurt.

The full financial calendar can also be found on our website.
With that I will thank you all for your time and hand over to the operator to open the call for your questions.

Operator

Thank you. Ladies and gentlemen, that does conclude your conference call for today. You may now disconnect. Thanks for joining, and enjoy the rest of your day.

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