Attendance List:	Ziv Elul – COO Heiner Luntz – CFO Andreas Bodczek – CEO
Title of Meeting:	RNTS Media Q1 2017 Results Call

Coordinator

Ladies and gentlemen, welcome to the RNTS Media Interim Results Call for the three months ended the 31st of March 2017. CEO Andreas Bodczek, CFO Heiner Luntz and COO Ziv Elul will outline the financial and business results to you. After the presentation, you are invited to join the Q&A session.

With that, I'll hand over to Mr. Bodczek. Please go ahead.

A. Bodczek

Thank you and good afternoon, everyone. Thank you for joining us today for RNTS Media's conference call to present the interim results for the three months ending March 31st. The company released its interim statement yesterday, which can be downloaded from our website.

Today, we'll walk you through some of the operational highlights presented in the report as well as the quarterly financials. 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 uncertainty. 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 2015 and the past interim report.

The company reported a good start to the year. We continue to see strong momentum from the core revenue drivers: video and programmatic advertising. In line with management's expectations and the usual seasonality of the first quarter, gross revenues improved by 17%, net revenues 11% year over year. We also used the first quarter for further investment into the core business, setting it up to further leverage the synergies we see from the incipient integration of Group companies. Heiner will provide details of the quarterly financials in a moment.

Other highlights include the expansion of our partner network. RNTS added several new partners from the supply and demand side including MailOnline, US premium cable network Starz, mobile gaming pioneer Game Hive, Japan's most popular messaging app LINE, and Netease, one of China's largest tech companies and gaming publishers.

On the demand side, among others, Fyber RTB added new direct integration with programmatic DSPs. Also, RNTS was awarded the 2016 Growth Award from German startup magazine *Gruenderszene*, ranking number 15 of Germany's top 50 startups and ranking number three in the advertising marketing sector based on the CAGR of the last three financial years.

Based on the strong performance of 2016 with preliminary full-year revenues up 69% to €218 million and a good start into this year, we have increased the guidance for the full year 2017 during Q1. We expect to deliver gross revenues in excess of €280 million and an adjusted EBITDA profit above €3 million. Lastly, we made good progress in the financing project by securing €7.5 million credit facility for the Fyber business unit.

Following Q1, the company held a bondholder meeting as well as an extraordinary general meeting. All resolutions proposed at those meetings were passed. This includes changes to the terms of the convertible bonds, €150 million that the company issued in two tranches in 2015 and '16, respectively. The reduction of conversion price, the reduction of the coupon rate, the waiver for the July '17 coupon and the subordination of claims for bondholders to new funding. These changes not only improve the cash flow situation but also significantly contribute to reducing the refinancing risk in 2020 by making a conversion more likely.

The EGM approved inter alia the changing of the company's name from RNTS Media N.V. to Fyber N.V. and changing the nature of shares to registered shares. The renaming is one important step on the road to integration underlining the shared mission and the move to one integrated ad tech company. The change to registered shares will support our efforts of increasing liquidity of the stock.

With that, I hand over to CFO Heiner Luntz.

H. Luntz

Thank you very much, Andreas. Being spoiled by 69% overall growth in 2016, 17% year-over-year revenue growth to €49.7 million for Q1 2017 may look low. However, Q1 is traditionally the weakest and most challenging season of the year. Us surpassing the strong Q4 2015 number is, therefore, another proof point for the continuing growth trend.

The main drivers continue to be Fyber RTB with 107% growth to €13.2 million and Inneractive with 15% growth to €18.2 million. Together, these programmatic businesses now account for 64% of our overall revenue. The gross margin EUR has grown to €14.6 million while the EBITDA adjusted for non-cash stock option expenses has fallen to -€5 million on the back of an infrastructure and organization build for the increased business expectations. As Andreas has pointed out, the Q1 results are in line with our guidance.

Looking at the revenue detail, we see that the Fyber and Heyzap contributions of Offer Wall, Rewarded Video and Interstitials are stable while programmatic from Fyber RTB and Inneractive continue to grow dynamically with a particularly strong March result of €20.1 million. Investment into the product, for example, 16 developers added at Inneractive during 2016, and regional expansion with a new office opened and staffed in China in Q1 2017, as well as a focus on programmatic business are driving this development.

During the last quarters, our financing and cash flow has always been an area of particular interest. And even if the increased loss on the adjusted EBITDA basis in Q1 suggests otherwise, we have made good progress on driving the Group towards positive income and cash flow. With Fyber RTB and Inneractive, the two fastest-growing units are already cash generative and with the restructuring in April, we have reduced the cost of the €150 million convertible bond significantly. At the same time, as stated previously, before cash flow breakeven, we will need additional funding for Fyber and RNTS operations as well as the earn-out payments related to Heyzap and Inneractive.

In April, we have secured the first component of the future financing structure, €7.5 million working capital facility signed with Berlin-based BillFront. Further financing is under negotiation and expected to be announced soon.

So, looking at the financial outlook, we are now well positioned to benefit from strong market growth through a full stack offering with focus on video, programmatic and mobile. The rapid growth in 2016 with 69% to over €280 million is going to be continued at a lower rate but still above 30% in 2017. This will allow us to grow into profit in the second half of this year and we are confirming the full year guidance of €3 million adjusted EBITDA profit, which we had given previously to our investors.

With this, our COO, Ziv Elul, will now provide our outlook on the business performance to you.

Z. Elul

Thank you, Heiner. We built a strong and global ad tech company through organic and acquisition-driven growth, and will now focus on the integration of the acquired assets. The presented slide gives you an overview of the different phases. All initiatives have been geared towards upgrading our publisher-focused offering. You might have noticed already what the Group is doing is focusing on the supply side on the publisher side. And what we are at aiming is to grow the scale, both in terms of breadth of our service offering and the reach of our platforms. This is bringing us up to date - a Group of focused, highly complementary ad tech companies of global scale. 2017 and 2018 will be focused on driving integration of the acquired assets, making us one of the largest ad companies out there and one of the top tier supply side providers. Our Group companies share the vision of enabling publishers to optimize the yield they generated from digital advertising, building a sustainable business model using one focused technology partner so they can focus on what they do best: providing great content.

We'll consolidate under one brand in the very near term. The name change to Fyber, as was mentioned before by Andreas, is approved and will be rolled out soon. We started the integration between the platforms and we continue to work on this throughout the year and in 2018. Already today, we can enable cross platform services, connecting partners across the platforms of the Group companies. We've shared some of our officers, and will continue to drive revenue synergies between Fyber RTB and Inneractive.

Next steps are transitioning into one management, merging corporate functions like legal, finance, HR and marketing, as first step. The overall goal is to provide a unified product offering. We will give a more detailed update on the integration with the release of the annual report in July.

Looking at the vision and our product focus, we can see that we have driven innovation in three areas: video across screens, advanced programmatic platform and data-driven audience segmentation. We have developed innovative video ad units across screens and audiences from delivering out-stream video to news apps like Huffington Post to rewarded video formats in games apps. As you probably know, video is a complex product and video delivery is not solved. That's why it is a big opportunity and still a wide space for us. Not only for us, but also in the market, it is one of the only places in ad tech with more demand than supply and we are in the position to benefit from this fact. We are clearly focused on the supply side of the value chain, as I said before, offering data-driven audience segmentation, enabling publishers to make the most of their available inventory. It's about empowering the publisher. The better they understand the users, the more yield they can generate from offering targeted audiences to advertisers.

The last is the programmatic platform. Programmatic now is really more than only an open exchange. Our programmatic offerings comprise of private marketplaces, preferred deals and programmatic direct functionality. We are focusing on advanced programmatic-driven environment and mechanism in addition to the open exchange capabilities.

If we look now more in detail, we'll see two areas of short-term growth. One of them is RTB and the second is video. For RTB, you can see it is growing really rapidly from '15 to '16 to '17 on the slide. We have strongly extended the revenue's contribution from our programmatic business unit, Fyber RTB and Inneractive. Within programmatic, RTB is rapidly growing its share. And I can also say that for comparison, RTB's share of programmatic revenues overall for us is really large in comparison to many other companies in this space.

When it comes to video, we see it to be something that is growing really fast and is going to lead the market in the near future. And we expect growth to 75% by 2018. Compared to other display formats, we show video grew from only 24% in '15 to 43% in '16. Video is very versatile and engaging ad format, sought after by both publishers and advertisers. We are enabling publishers to reach global video-specific demand sources, ensuring high-generating ads driven by continuous investment into the technical capabilities of the format and we invest every day towards video because we see it as the area where we need to be positioned very well. We understand the opportunity and we want to invest into this opportunity, in the ad format and also into the capabilities and the infrastructure to support it.

When we look at the long term areas of growth, we see two main areas. One of them is the premium publishers, what we call comScore 500 publishers, and the second one is APAC. In these two areas, we see that our comprehensive publisher tools set and full stack offering are already geared towards premium publishers. Part of our sales and development efforts are focused on further extending the share of premium publishers we are servicing. Recent client wins such as AxelSpringer or MailOnline are proof points of this strategy.

Also, we just added new team members in our Beijing office. Heiner has referred to this, which is right, and now we understand the potential of this market. We look forward to adding even more people to this and for now, we have 15 employees from Beijing, including 5 employees from the Berlin office, who are looking after this market. Business is ramping up quickly and we have already secured major publisher wins such as Baidu and Cheetah Mobile. Of course, there are potential services such as Connected TV, which are we following closely. This might become an area of future growth.

With that, I thank you all for your time today and hand over to the operator to open the call for your questions.