



# *Presentation to Bond Holders*

*November 28, 2018*



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*In the event of inconsistency or discrepancy between the Hebrew version and any of the other versions of this presentation, the Hebrew language version shall prevail.*







# Introduction to *Matomy*

- A pioneering force in the digital advertising industry
- Traded on the London and Tel Aviv stock exchanges at a value of about 60 million NIS (26/11/2018)
- Per the strategic focus started in May 2017, the company is focused on its profitable and growing domain advertising and monetization activities - Team Internet (90% holding)
- As part of the strategic focus certain non-core and cash consuming activities were sold and efficiency measure processes were taken.
- Principal shareholders: Publicis Group, Ilan Shiloach, Viola Group, Meitav and Brosh Fund



# Matomy Milestones

## 2014

- Acquired controlling interest (70%) of Team Internet (June)
- Public offering on London Stock Exchange (July)
- Publicis becomes a key shareholder (Oct)
- Acquired Mobfox at a value of about \$17M (Nov)



## 2017

- Increase holding of Team Internet from 70 to 80%
- Focus on core, profitable and growing business – exit noncore activities (May)

## 2016

- Dual listed on the Tel Aviv Stock Exchange (Feb)
- Broadens activities in APAC



## 2018

Raise holding of Team Internet from 80 to 90% (March)

## 2007

Company established



# Focus on Value-Added Platforms in growing Environment\*

## Non-core Activities



Sold 8/18



Closed 4/18



Sold 7/17



Sold 7/17

## Core Activities



Sold 8/18



\*As presented in the bond issuance process



# Sale of Mobfox

- Sharp changes in the in-app advertising market (almost exclusive control of Google and Facebook) led the Company to conclude that Mobfox will not become profitable in 2018
- Mobfox has great potential but requires additional substantial investments beyond the company's capabilities to realize it
- In line with Matomy's strategy to focus on profitable activities, the company decided to sell Mobfox. This sale infuses cash replacing negative cash flow, reduces the Group's losses, and better positions the Company to meet its obligations
- The sale follows a process among several potential buyers and concluded with the best offer received
- Due to continued declines in the market, failure to sell Mobfox would have put the asset at risk, thus endangering all of Matomy's assets





*Team Internet*





# Introduction to *Team Internet*

- Established in Munich, Germany in 2010
- Matomy holds a controlling share of 90%
- World leading, proprietary data-driven domain advertising and monetization platform
- Profitable with positive cash flow from day one, presenting growth in revenue and profit over time
- 7-year senior partnership with Google. Current contract renewed in 2017 and effective until August 2019
- In addition to its activity, holds one of the largest domain portfolios in the world





# Domain Monetization Explained

- A domain name is unique, for example: [www.nailtips.com](http://www.nailtips.com).
- According to Verisign there were 333.8 Million domains worldwide (only a small portion have an active site), of which 62 million\* are parked at Team Internet (48,000 of those are owned by Team Internet and generate 5% of its revenues)
- Commercial and private entities purchase domain names to be sold later at a profit. For example, cars.com sold for \$ 872.3M, CarInsurance.com sold for \$ 49.7M, and VacationRentals.com sold for \$ 35M
- Until sold, the entities park their domains on platforms like Team Internet to generate revenue
- Team Internet's sophisticated technology delivers traffic to the parked domains. Advertisers pay the cost-per-click (CPC) when users click on the advertising link. This ad revenue is transferred to the domain owners less Team Internet's commission.





# Team Internet: Domain Advertising and Monetization Platform

## Tonic

- Performance-based, self-service advertising platform
- Supports a wide range of media types and formats
- A convenient interface and one entry point combined with integrated monitoring and verification tools

### AdTonic

Advertisers' platform

### PubTonic

Publishers' platform

## ParkingCrew

- Self-serve media platform
- Complete solution for domain owners including serving, optimizing (based on unique algorithms) and reporting
- Access to unique high-value demand
- Quality control, monitoring and verifying tools that set the market standard

40 billion impressions to 140 million unique users per month



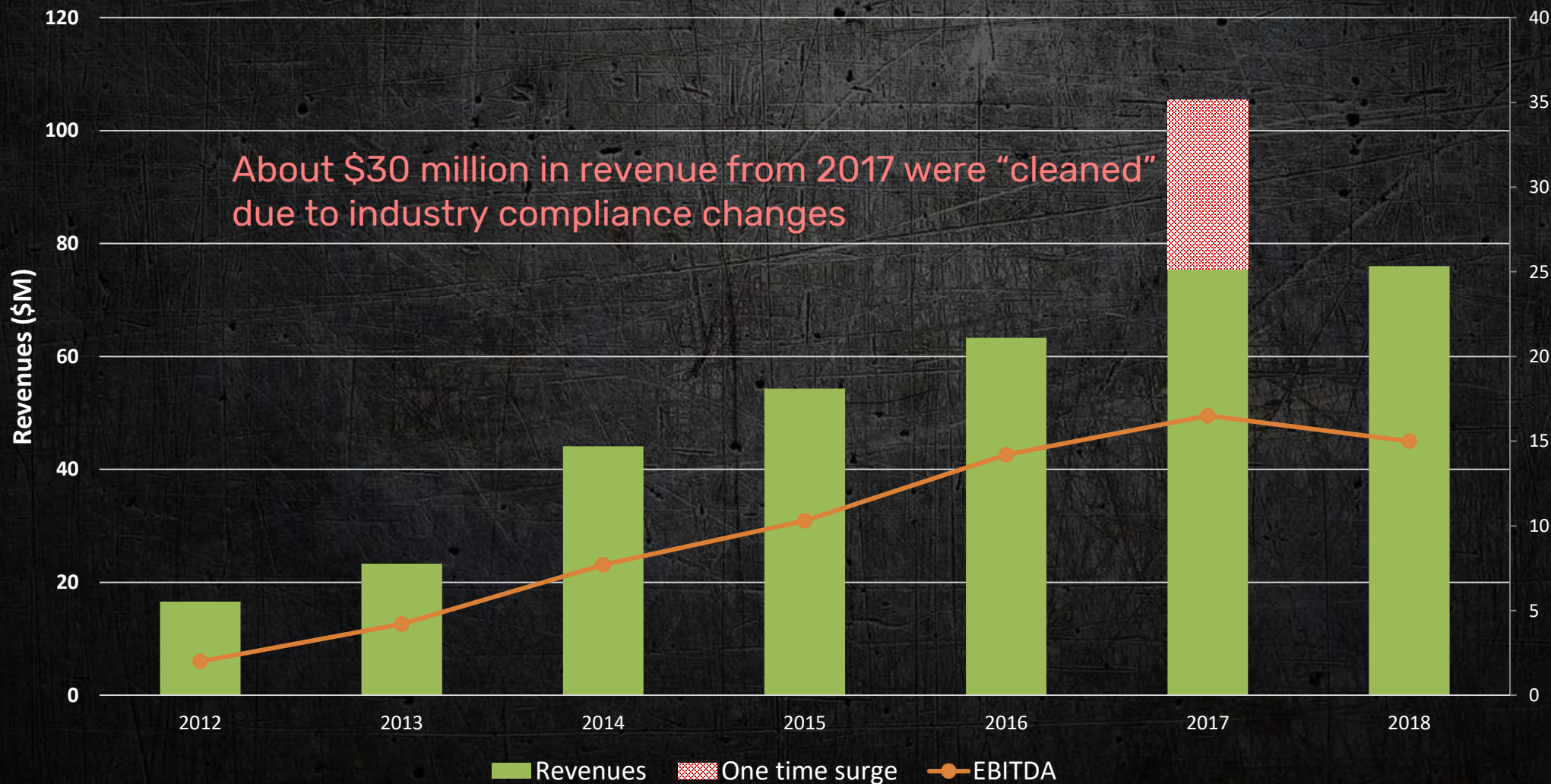


# *Team Internet* Domain Monetization Platform

# *Example*



# Team Internet Financials (USD \$M)



\*2018 estimate based on Q1-Q3 performance





# Team Internet P&L Summary (USD \$M)

<i>Profit and Loss</i>	<i>First 9 Months 2018</i>
<i>Revenue</i>	<i>59.6</i>
<i>Adjusted gross profit (revenue less media cost)</i>	<i>16.7</i>
<i>% Revenue</i>	<i>28.0%</i>
<i>EBITDA</i>	<i>11.4</i>
<i>% Revenue</i>	<i>19.1%</i>





# RainMaker Return Option

- Matomy acquired Team Internet from RainMaker, which is owned by Team Internet's founders. RainMaker holds a minority share (10%)
- 90% of Team Internet is owned by Matomy Germany and \Matomy UK. Matomy Germany is a subsidiary (100%) of Matomy UK, which in turn is a subsidiary (100%) of Matomy Media Group
- The last payment, for the remaining 10% is due on November 30, 2018. According to RainMaker the last payment is about \$18 million.
- If Matomy breaches this payment obligation, RainMaker may have the right, in addition to other remedies, to repurchase the Company's shares in the quantity of its choice at 60% of the original purchase price
- If failure to make the payment results from a proven financial inability, the only remedy available to RainMaker is the purchase of the shares
- The shares were purchased in stages, at various prices, as documented in the Company's reports





## *What Happened Since the Bond Issuance?*

- During the bond fundraising, Matomy's assets included three companies for sale (Optimatic, WhiteDelivery and Video by Matomy), and Mobfox, which was expected to reach profitability by the fourth quarter of the year
- Sharp changes in the video advertising market led to a further drop in Optimatic's value and revenues, causing, until exited, additional cash bleed and closing of credit lines of \$ 8.0 million
- Until the sale of WhiteDelivery, the Company reported a deterioration in its results and it was sold for lower than initially expected, causing an additional negative cash flow of \$ 4.0 million
- The sale of Mobfox and the reduction in the volume of its operations led to a reduction in the Company's credit lines, causing a decrease of \$ 5.0 million in the Company's cash balances
- In 2018 there were significant changes in Mobfox's market (as can be seen from the collapse of large players in the market) and the resulting deterioration in Mobfox's results led to an additional unexpected cash bleed of \$ 5.2 million





# Combined P&L Summary (USD \$M)

P&L (30.9.2018)	Core Activities	Exited Activities	Total Group
Revenue	87.5	13.5	101.0
Adjusted gross profit (revenues less media cost)	24.9	5.9	30.8
% Revenue	28.5%	43.7%	30.5%
Direct EBITDA	7.9	(3.7)	4.2
% Revenue	9.0%	-27.4%	4.2%
Public company expenses			(2.2)
EBITDA			2.0





# *Letter of Support from Stockholders*

- In December 2017, the Company received a letter of support from material shareholders which was described in the Company's reports
- In view of the recent events, the content of the letter, its applicability and its scope has been raised for discussion
- An independent committee of the Board of Directors is examining the question of whether, according to the letter of support, the shareholders are obligated to inject financing for the payment to Rainmaker
- As part of this effort, the committee hired an external, renowned jurist for a legal opinion





# *General Principles of the Proposed Path*

In order to ensure the Company's ability to address the interests of all stakeholders and especially the repayment of the Bonds, the company is working on a comprehensive proposal that will enable the company to complete the purchase of the last 10% from RainMaker, raise capital and adjust the structure of the bonds for future operations of the Company. The program includes:

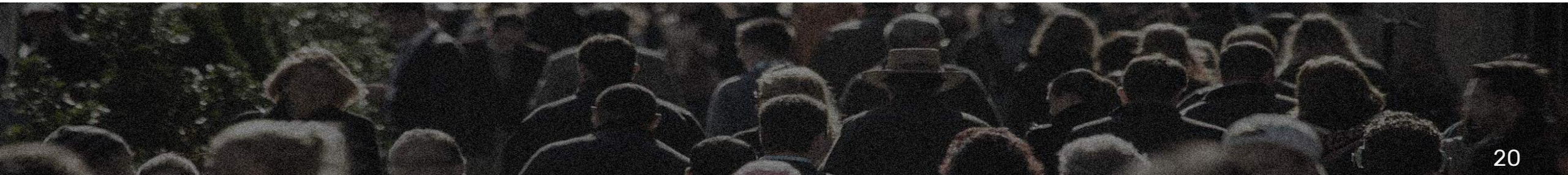
- Reach understanding with RainMaker, the minority shareholders in Team Internet
- Reach understanding with bond holders to adjust the covenants and, if required, the payment schedule
- Upon fulfillment of the above two conditions, the main shareholders (55%) expressed their willingness to participate in additional capital raise
- Company believes the realization of this plan should enable the Company to continue its activity and repay the debt to the bond holders





# Summary

- Matomy's management has been focused throughout the year on raising the Company's profitability and growth despite a series of difficulties mainly stemming from sharp changes in the digital advertising industry
- Assuming that the proposed solution is implemented, Matomy will have full control of Team Internet
- Matomy's management believes that this plan best serves the interests of all stakeholders, particularly the bond holders
- The Company's management also believes that its assets' value is higher than its total liabilities. Therefore the best way forward is to negotiate with all parties to move ahead with the plan quickly and purposefully







 **Thank you!**