



The State of Programmatic in Norway

- JUNE 2015 UPDATE



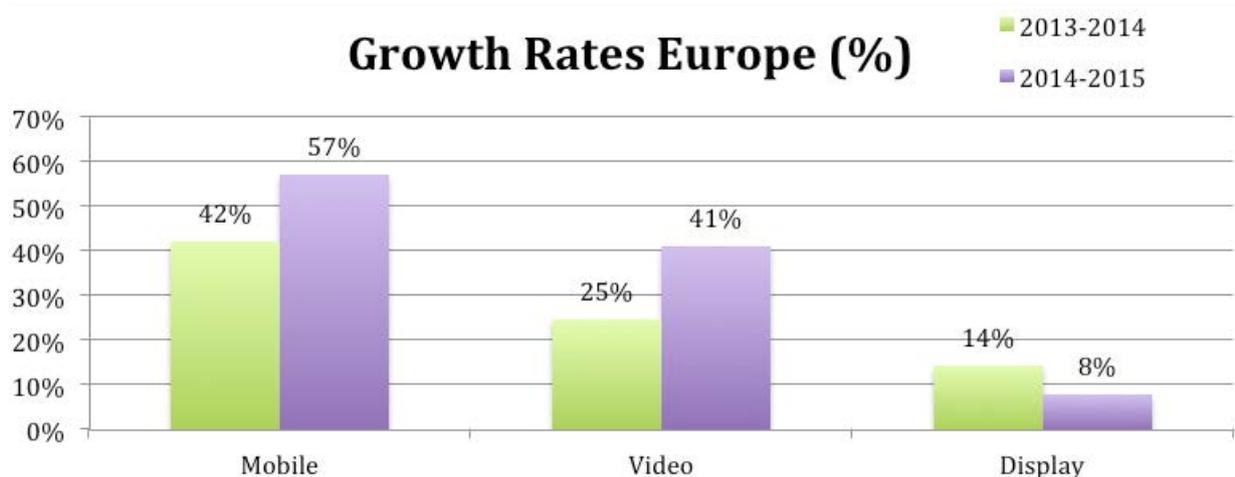
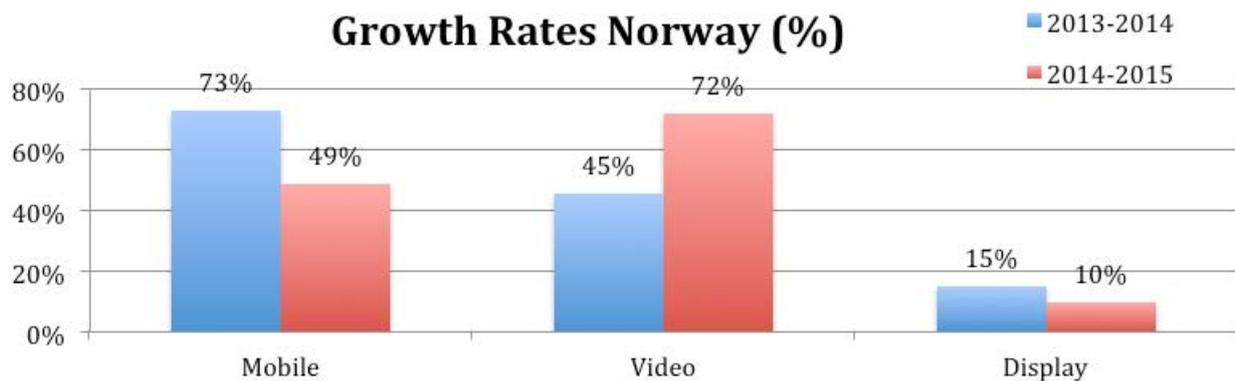
DELTA PROJECTS

Online Advertising in Norway

WHAT HAS HAPPENED TO ONLINE ADVERTISING IN NORWAY SINCE OUR LAST REPORT IN AUGUST 2014? WELL, DON'T BE SURPRISED THAT DURING THE SECOND HALF OF 2014 AND THE FIRST 3 MONTHS IN 2015, THE NORWEGIAN ONLINE DISPLAY MARKET EXCEEDED SOME OF LAST YEAR'S EXPECTATIONS:

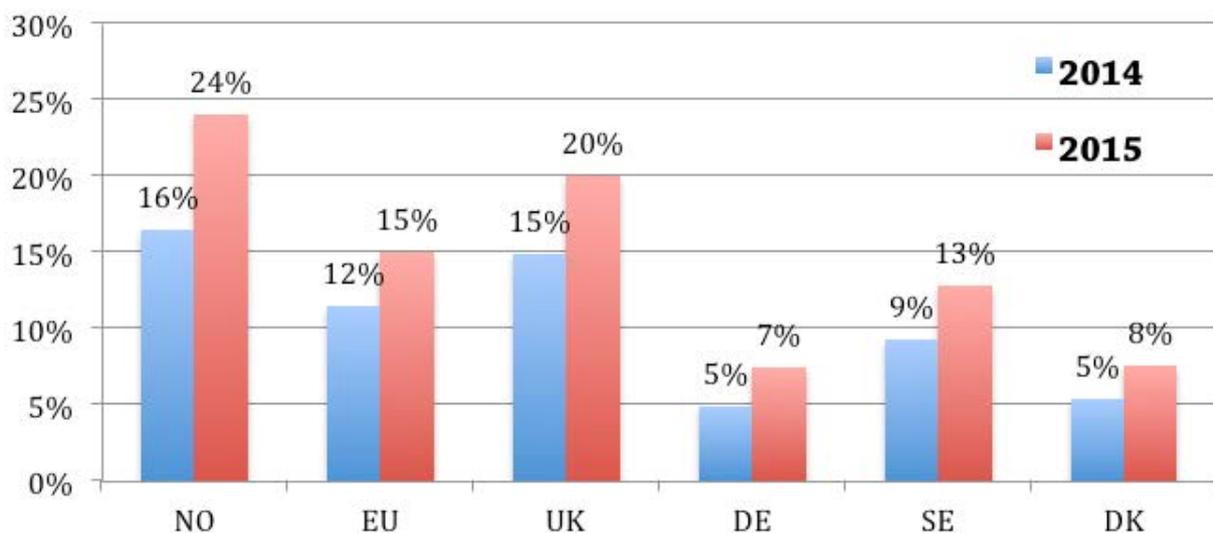
1. Online Video exploded both in RTB and non-RTB

Online Video (+71%) and especially Programmatic Online Video (+81%) is exploding on a Year-on-Year basis. The majority of that growth is caused by the fact that Online Video Inventory has become more/easier available for very effective RTB-campaigns and the substantial growth in PMP/Direct Buy deals, boosting Programmatic in general.



2. Mobile Ads Spends exceeded the growth expectations and represents a huge slice (24%) of the total Online Display spending in Norway

Mobile % of Total Display



Mobile Ad Spending is growing by 49%, which is a slowdown compared to 2013-2014's growth, but it allows Norway to stay in the lead in Europe regarding Mobile Spend as a percentage of Total Display. The other countries are catching up with higher growth rates but there is still a lot to be bridged to reach the Norwegian level.

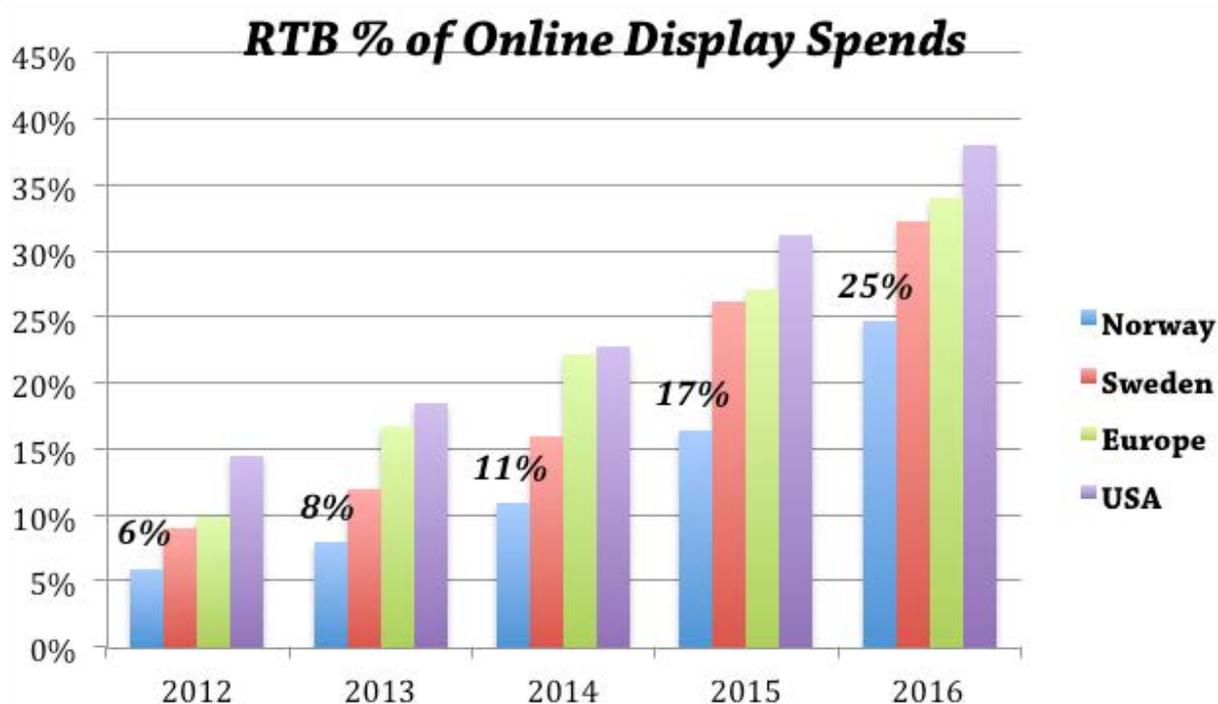
3. Programmatic Trading grew by 212% (!) in all its' formats

Programmatic Trading is growing beyond all expectations at 212% over last year, supported by the global-recognized growth in RTB (175% in Norway) and a rapidly increasing portion of non-RTB (Guaranteed Private Deals and Direct Buys) ad spend.

Norway is catching up really fast and has developed into a very fertile market for adopting new media (mobile, video, rich-media), business models (Direct Deals/Private Markets) and technology.

RTB in Norway

As expected, Norway caught up in RTB and grew 175% in 2015 (YTD) over 2014 to in average 17% of Online Display Spends in 2015. Publishers have learned to recognize the benefits of Open RTB and SSP's have increased their available inventory up to over 12 billion bid requests per month. Other markets also grew in Open RTB, so one may think that Norway has still some ground to catch up. This is not entirely true as demonstrated in the overall Programmatic status in Norway.

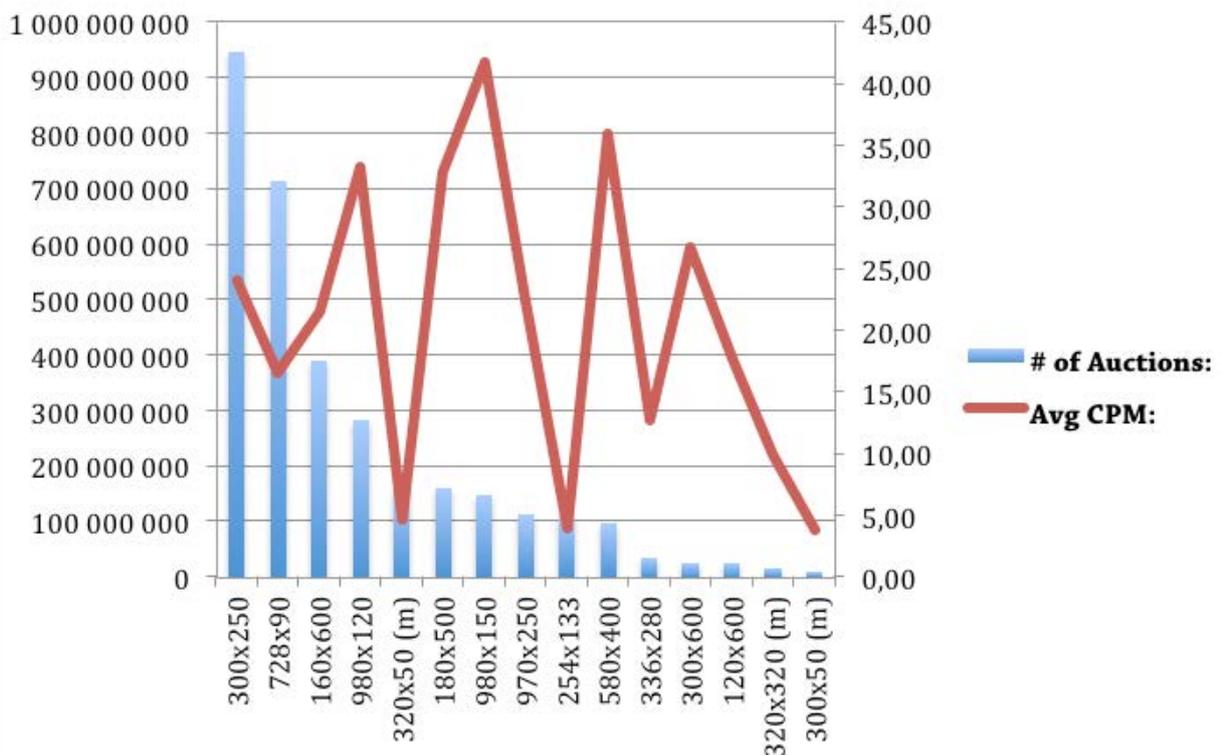


We expect the RTB market in Norway to continue to grow at +50% in 2016 and represent 25% of Online Display spend. The European growth rate is slowing down to +23%, which does suspect that in the near future, Norway will be on par with the rest of Europe (34% in 2016), Sweden (32% in 2016) and eventually USA (38% in 2016).

Inventory type / Ad-formats in RTB

Since our last analysis, the Medium Rectangle on Desktop or Half-Page Ad on Mobile (300x250) has taken the #1 traded ad-format from the Leaderboard (728x90). The SkyScraper (160x600) is still in third place followed by a larger LeaderBoard (980x120) and the mobile banner (320x50).

Auctions vs eCPM by Ad Format



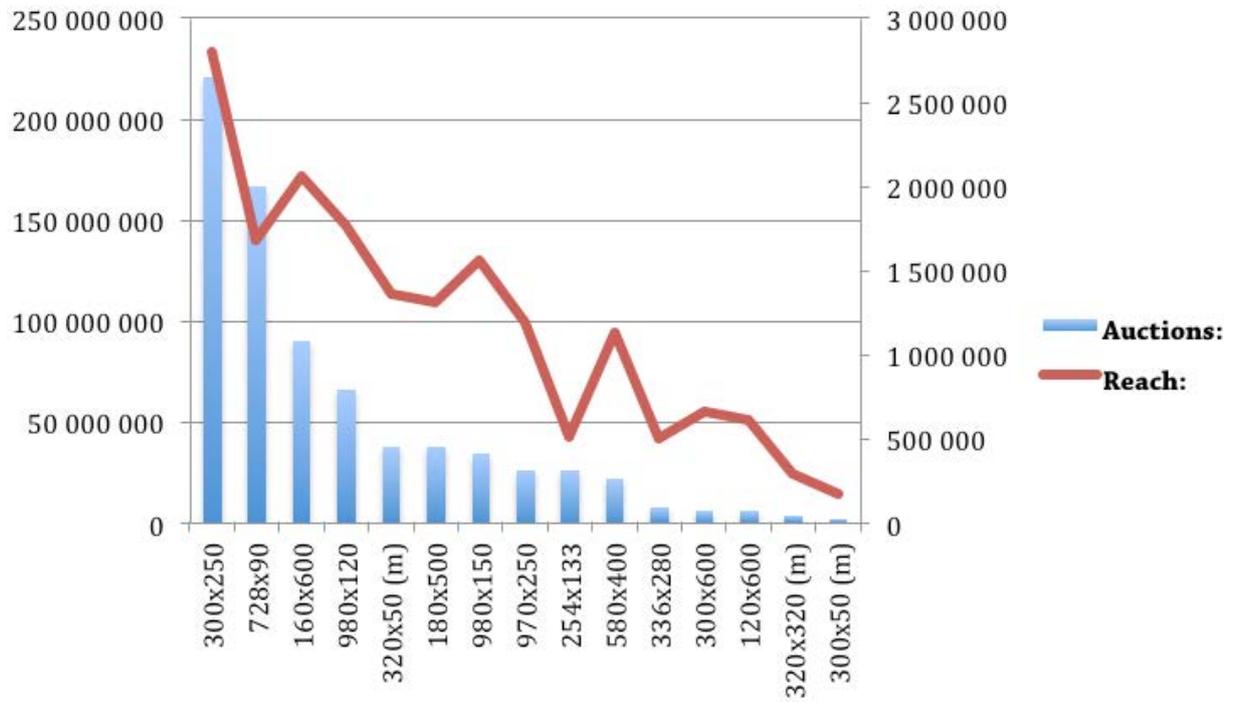
Also in Norway, high-impact formats like the 980x150, 970x250 have emerged quite rapidly. This did have an impact on the overall eCPM which again grew by 134% up to NOK 23.

When we look at the reach by format, we actually notice that, with the high number of auctions, 28% of the Norwegian population can be reached with the Medium Rectangle (300x250) in a very short timeframe (Mobile and Desktop). The SkyScraper (160x600) actually reaches a larger audience than the Leaderboard which compensates by its' higher available volume at lower prices. The Large Rectangle (540x280) certainly reaches a relative large audience, but it does come at a substantially higher eCPM.

On mobile, the Android banner (320x50) offers access to a fairly large audience at a very reasonable price.



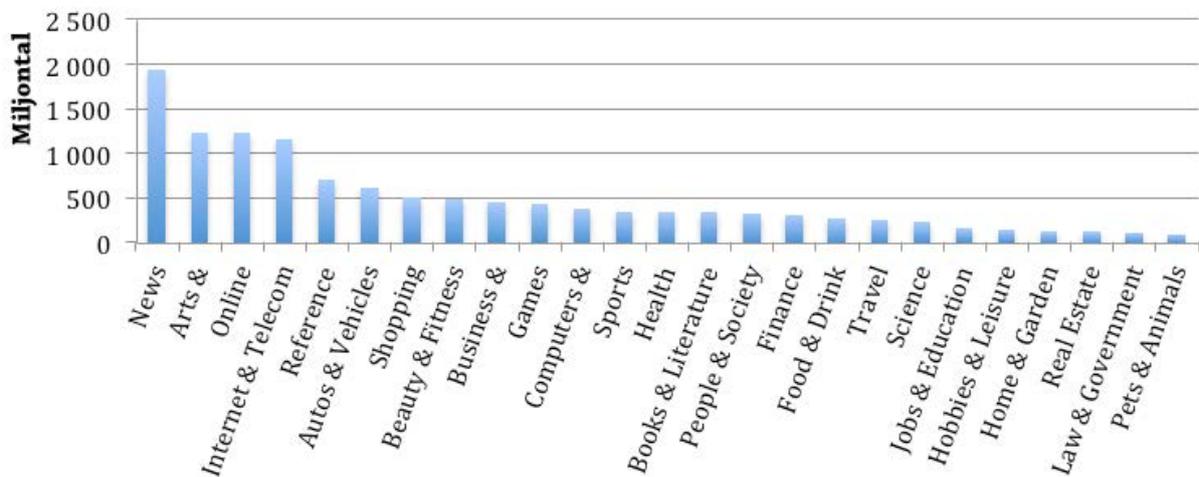
Reach vs Auctions per Format (7 days)



Profiles

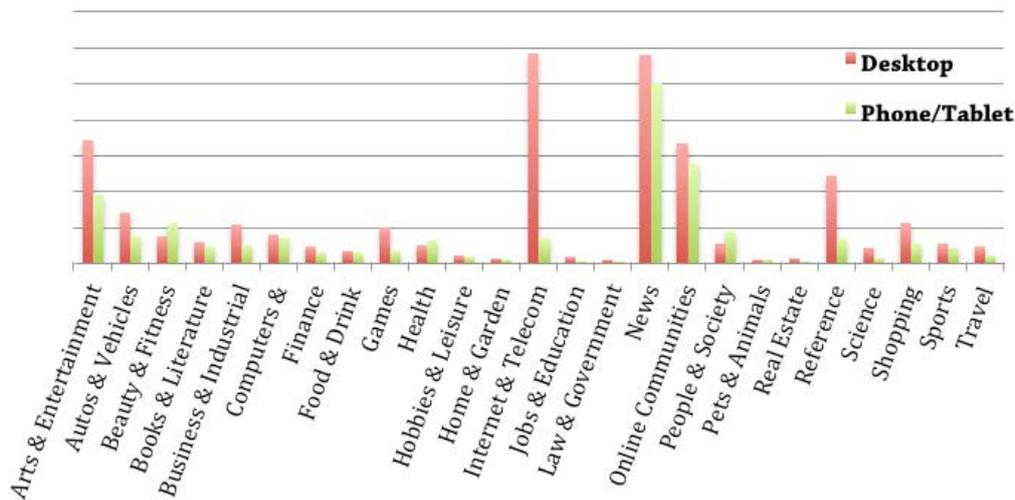
All Delta Projects' profiles are being updated realtime. This means that, although the distribution of profiles over the country will be quite stable over a longer period of time, the exact size and distribution over our 25 basic and 238 subcategories may differ every 100 milliseconds.

auctions per profile



The norwegian population has (like all over the world) a majority vested interest in News followed by Arts & Entertainment and Online Communities. Typically for Norway is a 4th place interest in Internet & Telecom. This is (of course) reflected in both the number of auctions and the number of profiles registered per profile category. (Every profile can be attributed with several categories). Another interesting fact: the share of 'Games' profiles in Norway is 31% lower than in the rest of Europe.

#profiles by device type

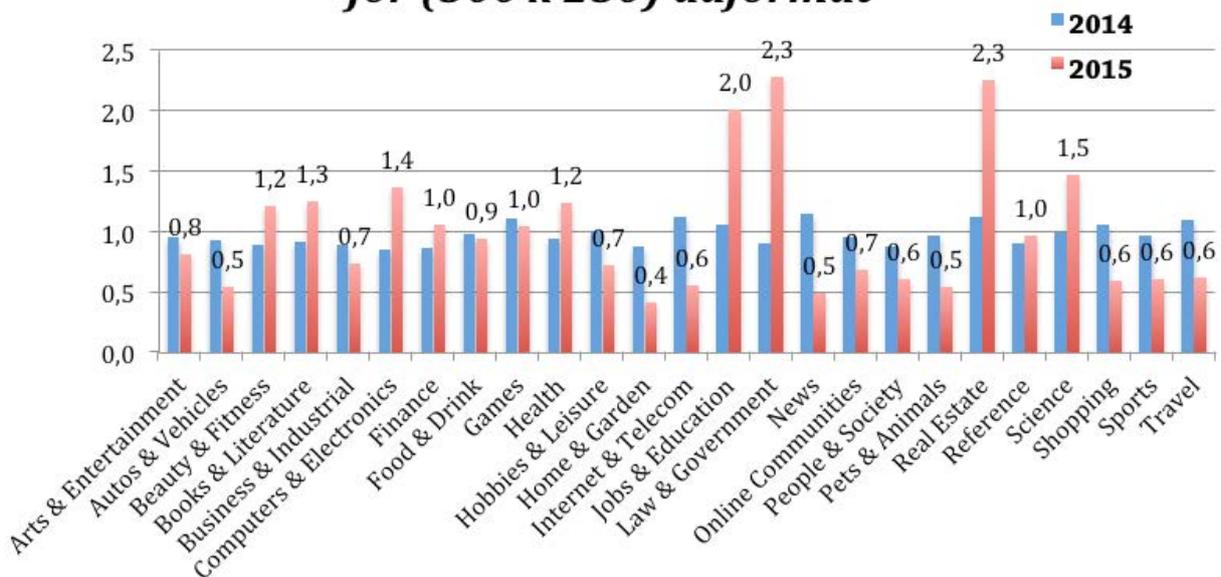


The high share of mobile Ad-Spend in Norway is clearly addressing a mobile-minded audience. Most profiles are built to a large extent on both mobile and desktop, with a few female-dominated profile categories (Beauty&Fitness, Health, People & Society) existing even more on mobile than on desktop.

Over time, influenced by a lot of external (opinion, actual news, weather, etc.) and online marketing (adsizes, websites, mobile, etc.) factors, profile performance changes. Delta Projects' algorithms are monitoring taking these changes 24/7 and are designed to apply these realtime insights to your campaign instantly. In this report we are comparing the profile performance of 30 days in the first half of 2014 to 30 days in 2015, with some striking results:

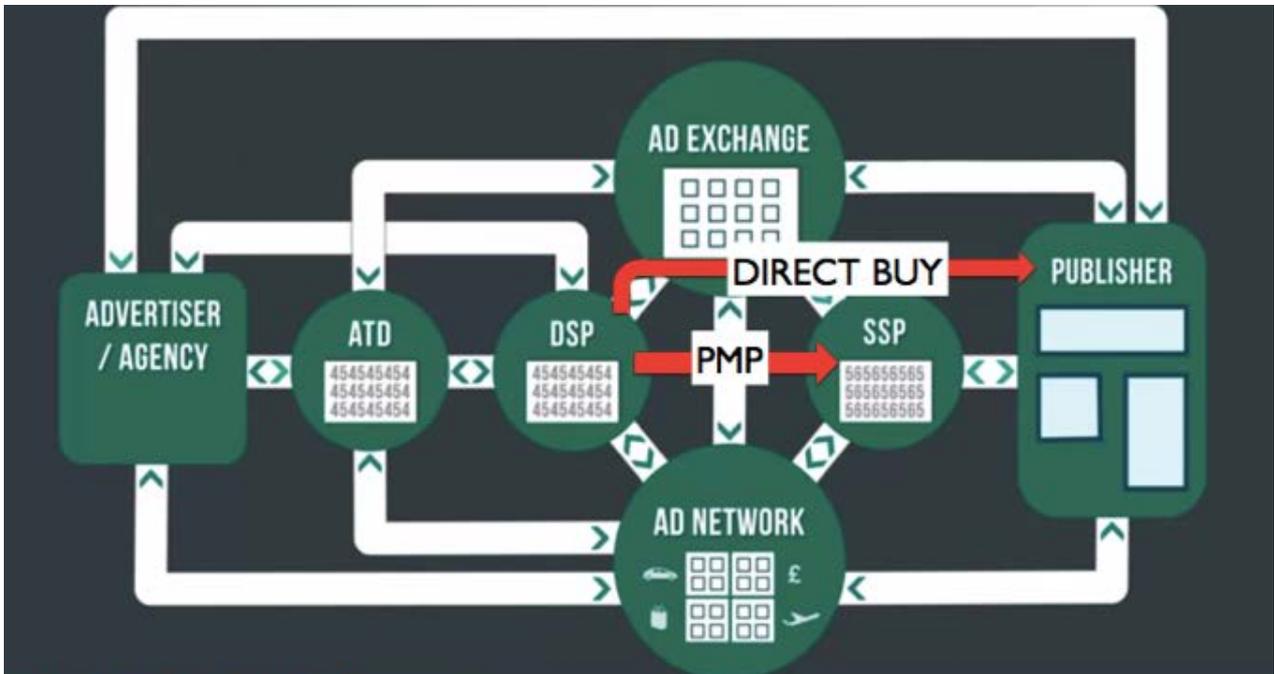
Jobs and Education (factor 2.0 over average CTR) , Law and Government (factor 2.3), Real Estate (factor 2.3), Computer & Electronics (factor 1.4) and Science (factor 1.5) appear to be the best performing Profile Categories in 2015. In 2014 the top performing profiles were Internet & Telecom, Games, Shopping, Sports & Travel. Interests do shift, (after all, we are only human) but we are all also heavily influenced by the High Impact (Large) ad formats, Mobile and Video, that are more common practise in the newly risen profile categories. This has also caused the differences in CTR to be more extreme compared to 2014's almost 'even' distribution.

relative CTR per profile category for (300 x 250) adformat

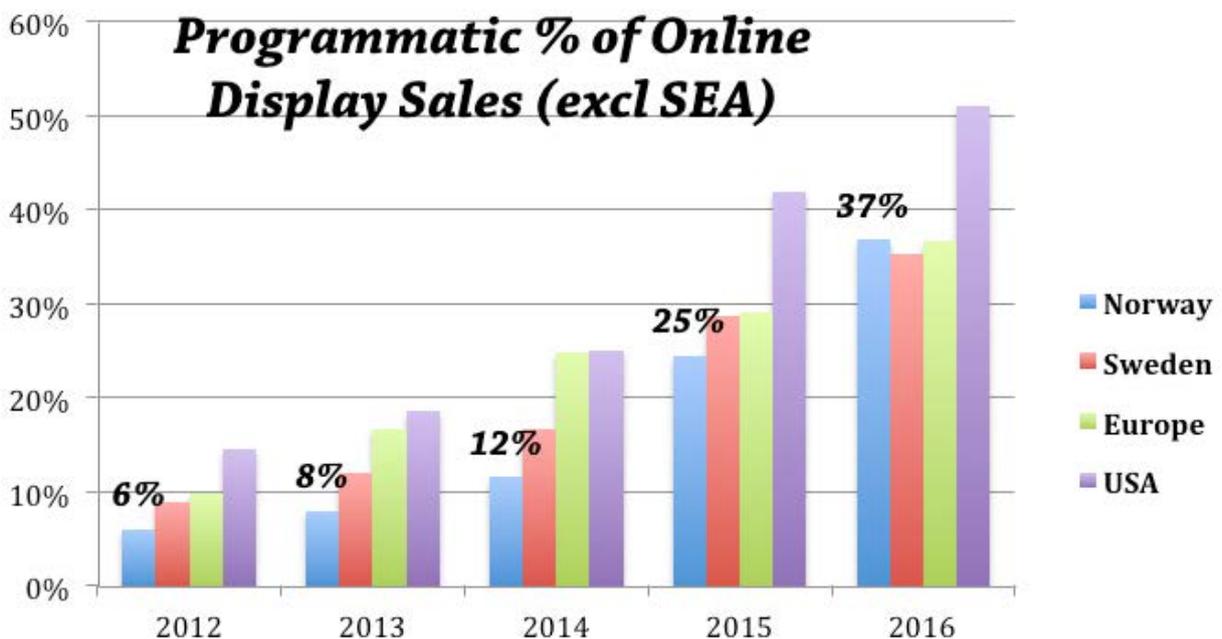


Programmatic Trading in Norway

The boost in Online Video, Rich Media and Mobile RTB and therefore non-RTB Programmatic spends resulted in a boost of the overall RTB growth with an extra push to a total growth Year-Over-Year growth of 212% in Overall Programmatic Spends: Private Markets and -Deals have become a dominant factor in Norway. Last year's prediction for 2016 (25%) is already being achieved this year!



Non-RTB Programmatic accounted for 1% of all Online Display Spend in 2014, in 2015 it is expanding explosively to 8% and we expect it to represent 12% of Online Display in 2016! Because of this, Norway's Programmatic market has grown from 12% in 2014 to 25% in 2015 and is expected to overtake the European average Programmatic Share of Online Display in 2016.



What are the key factors driving the Norwegian Programmatic market in 2015?

1. Data: Realtime Profile information in combination with demographic predictions will allow advertisers to really target users instead of designated media

2. Trust: Viewability reporting and hard setting options, AdFraud detection and elimination from results and spends, Privacy Regulation compliance (EDAA) and proven technology will convince even more Publishers, Agencies and Advertisers to walk the Programmatic path towards optimizing campaigns.

3. New Business Models are emerging for both Publishers and Advertisers , e.g :

- sharing behavioral and order/customer profile data to non-competing advertisers
- close cooperations and commitment agreements to optimize the chain in budget allocation

4. MultiMedia: cross-device tracking, on- and offline programmatic exchanges and multi-media campaigns are imminent. In 2017 all media (on- and offline) media will indeed be traded programmatically.

5. Inventory: with Publishers gaining trust and making premium, high-impact ad formats, rich-media and video inventory available, the number of available bid requests and non-RTB transactions will continue to drive programmatic growth for the next years.

6. NON-RTB in general: Private Markets,-Deals and Direct Buys are driving today's growth

