











Affle (India) Limited

Q2 & H1 FY2020 Earnings Presentation

For the period ended September 30, 2019

Consumer Intelligence Driven Global Technology Company

Affle | Performance Highlights

	Revenue Growth	EBITDA Growth	PAT Growth	EBITDA Margin	PAT Margin
H1 FY2020	 Up 38.8% <hr/> Y-o-Y	 Up 47.1% <hr/> Y-o-Y	 Up 59.7% <hr/> Y-o-Y	 Up 1.4% <hr/> Y-o-Y	 Up 2.3% <hr/> Y-o-Y
Q2 FY2020	 Up 40.4% <hr/> Y-o-Y	 Up 41.1% <hr/> Y-o-Y	 Up 51.2% <hr/> Y-o-Y	 Up 0.1% <hr/> Y-o-Y	 Up 1.2% <hr/> Y-o-Y

***Return on Equity (LTM) of 58.6%**

***Return on Capital Employed (LTM) of 61.7%**

Operating Cash Flow of Rs. 167 mn in H1 FY2020; significant growth from Rs. 1.2 mn in H1 last year

**(Rs. 857.6 mn of Net IPO proceeds + the FD interest earned on Net IPO proceeds + Rs. 10.6 mn of IPO Payables under Current Liabilities) are adjusted in Balance Sheet numbers to calculate the return ratios; **Last Twelve Months (LTM) PAT and EBIT = H1 FY2020 + FY2019 - H1 FY2019*

Management Perspective

Commenting on the results, **Anuj Khanna Sohum - Chairman, Managing Director & Chief Executive Officer** said:



“Affle (India) Limited has continued to build upon the strong growth momentum of the previous years and delivered a stellar performance during the Q2 & H1 FY2020. I am pleased to announce that Affle reported a robust performance for H1 FY2020 with an increase in revenue by 38.8% y-o-y and an increase in EBITDA by 47.1% y-o-y; registering an EBITDA margin expansion of 1.4%. The CPCU business continued on a strong growth momentum delivering a total of 35.1 million converted users (up 39.4% y-o-y, India and International combined) as compared to 25.2 million converted users delivered in the H1 last year.

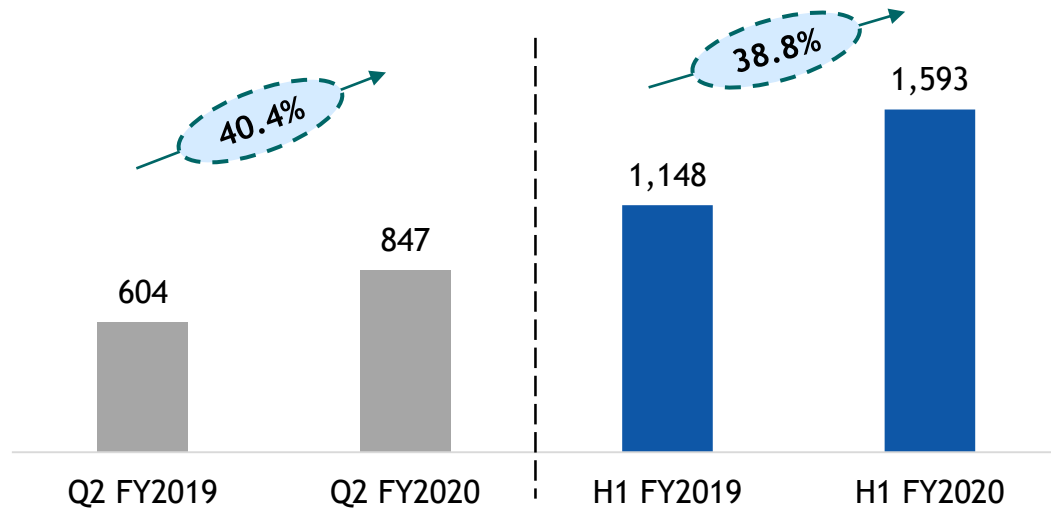
The growth in Affle’s Consumer Platform business is well supported by the overall consumer trends of greater time spent across connected devices, increased adoption of online payments and consistent growth in digital marketing spends across key industry verticals including e-commerce, food, travel, transport, entertainment/OTT/gaming, healthcare, BFSI/fintech, telecom and others.

Affle’s growth strategy is anchored in India, our dominant & largest market, and International emerging markets like SEA and MEA where we have strong on ground presence. Our mDMP platform has over 2.1 billion connected devices profiled globally and we will continue to invest in the 4V strategy of Voice, Video, Vernacular and Verticalisation to reach the next billion shoppers on connected devices. We have filed 14 patents recently across jurisdictions and launched a new R&D centre in Bangalore to fortify our competitive advantage in big data, machine learning & advanced deep learning models.

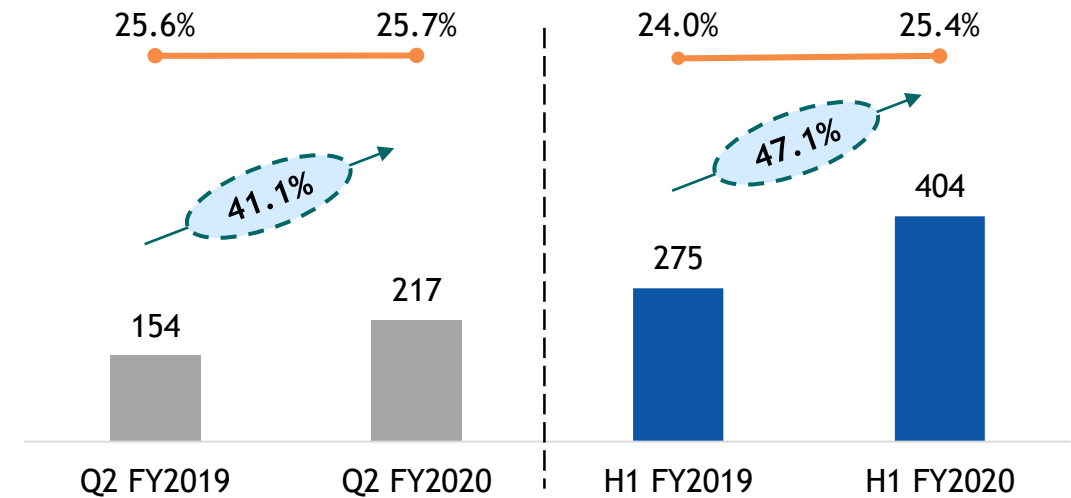
Our management team is committed towards operational excellence to drive sustainable growth, cash flows and to invest in attractive inorganic opportunities that shall further enhance value for all our stakeholders.”

Consolidated Performance - Q2 & H1 FY2020

Revenue from Operations (Rs. mn)



EBITDA (Rs. mn) & EBITDA Margin (%)

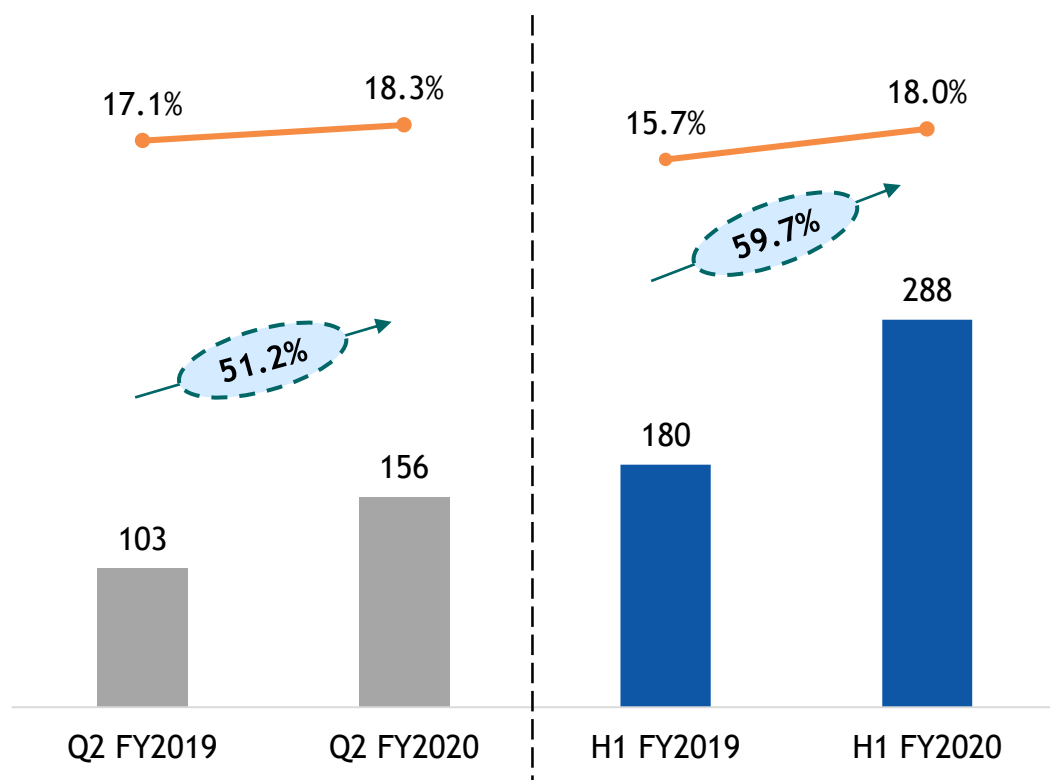


Performance Discussion (H1 FY2020):

- Revenue increased by 38.8% y-o-y, primarily driven by 39.4% growth in total converted users (CPCU Business), coming from both existing and new customers across key industry verticals including e-commerce, food, travel, transport, entertainment/OTT/gaming, healthcare, BFSI/fintech and others
- Strategically invested in the Inventory & Data Cost as a long-term strategy, to expand the reach across connected devices and building deeper insights towards the next billion shoppers, leading to an increase in the Inventory & Data Cost by 1.4% as a % of revenue
- Further enhanced the human resource capabilities to deepen our access towards emerging markets, leading to an increase in Employee Expenses by 39.5% y-o-y in line to our revenue growth. However, overall EBITDA margin expanded by 1.4% y-o-y on account of decrease in Other Expenses by (2.9%) as a % of revenue

Consolidated Performance - Q2 & H1 FY2020

PAT (Rs. mn) & PAT Margin (%)



LTM Return Ratios (As of Sept 30, 2019)

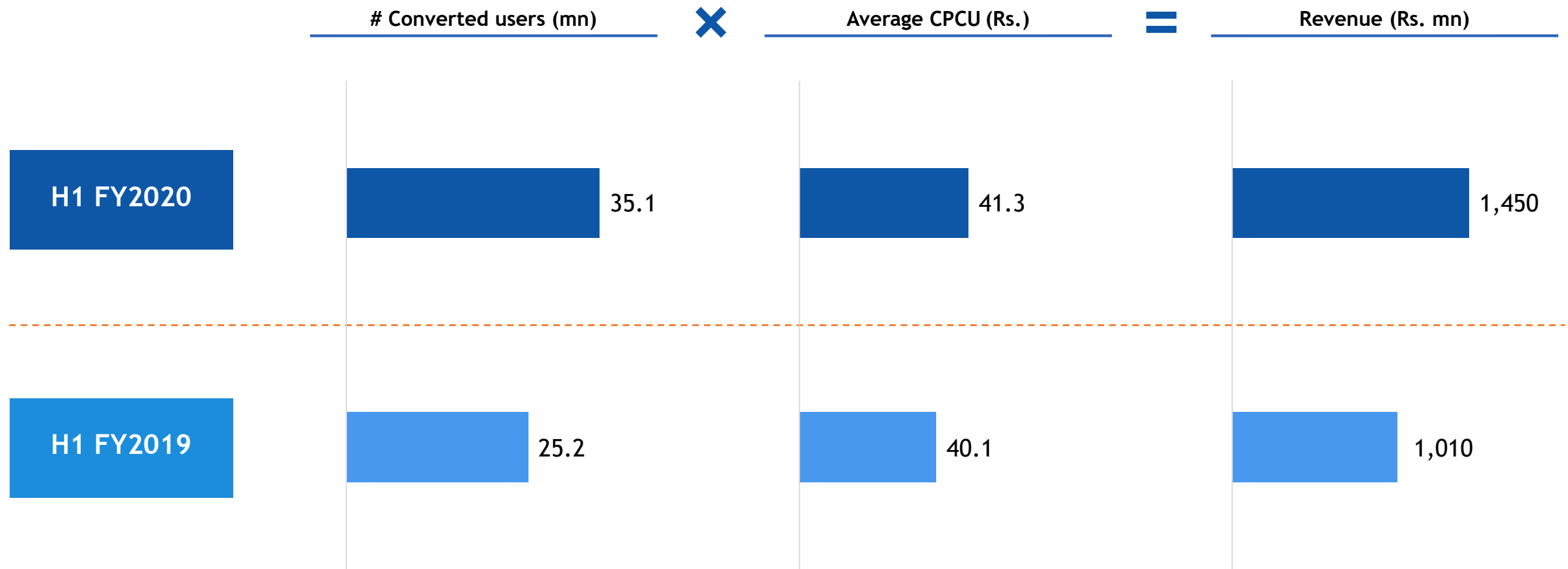
*Key Ratios (LTM**)	Balance Sheet Adjusted for Net IPO Proceeds ¹	Non-adjusted for IPO Proceeds
ROE (%) (Return on Equity)	58.6%	31.7%
ROCE (%) (Return on Capital Employed)	61.7%	35.8%
ROA (%) (Return on Assets)	24.4%	18.0%
Gross Debt/Equity (x)	0.33x	0.18x

1. (Rs. 857.6 mn of Net IPO proceeds + the FD interest earned on Net IPO proceeds + Rs. 10.6 mn of IPO Payables under Current Liabilities) are adjusted in Balance Sheet numbers to calculate the return ratios;

*Key Ratios: Return on Equity = (PAT / Total Shareholder's Equity); Return on Capital Employed = [EBIT / (Total Assets - Current Liabilities)] and Return on Assets = (PAT / Total Assets); **Last Twelve Months (LTM) PAT and EBIT = H1 FY2020 + FY2019 - H1 FY2019

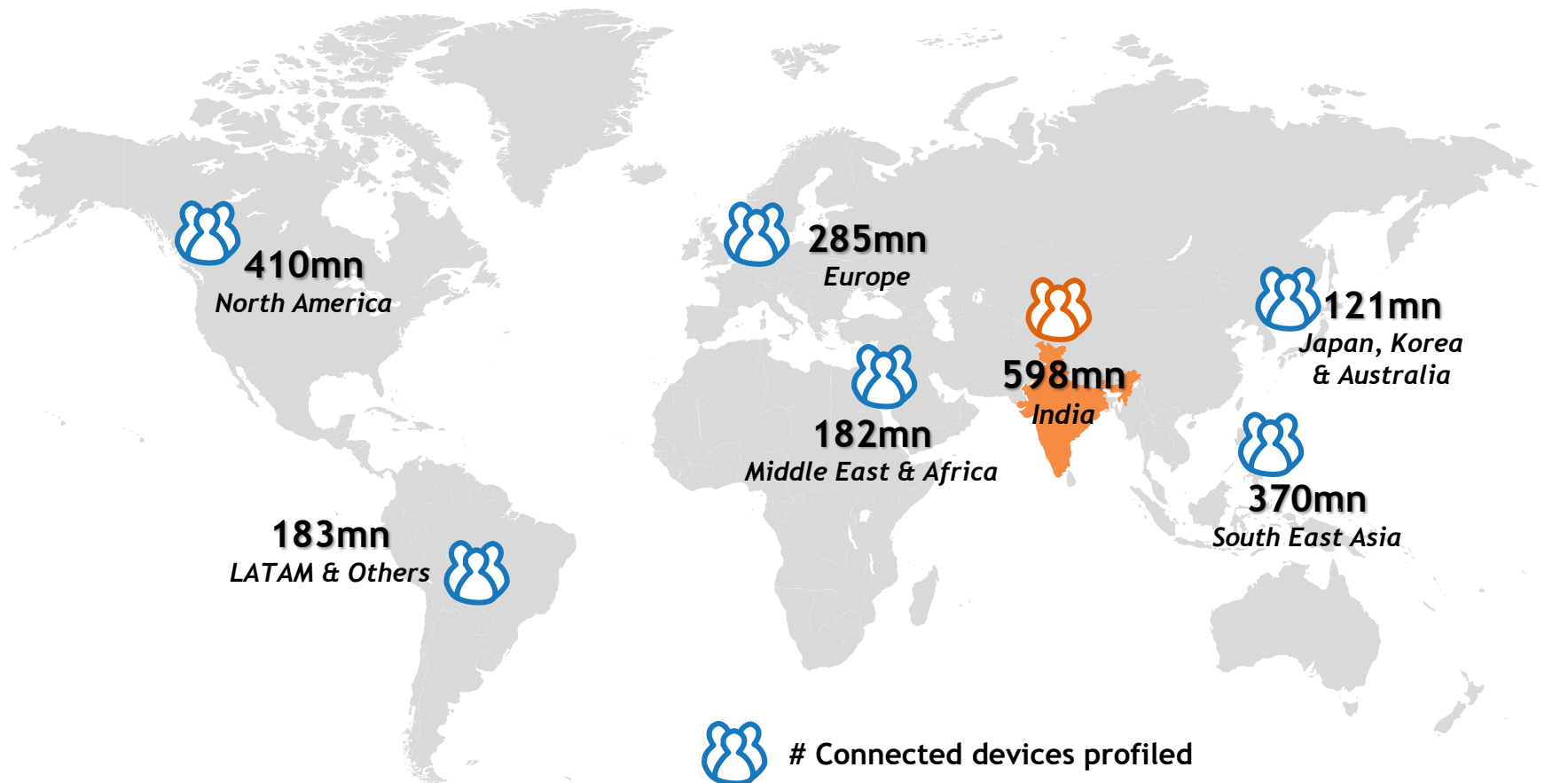
CPCU Business | H1 FY2020 Performance

Leveraging big data and machine learning capabilities to drive deeper penetration in emerging markets and deliver higher conversions



Affle | Consumer Intent & Behavior

Over 2.1 billion connected devices profiled across India and International markets



For the 6 months period (April 1, 2019 to Sept 30, 2019)



#Data points accumulated in H1 FY2020

1. Connected devices profiles accumulated and refreshed for the last twelve months period of Oct 1, 2018 to Sept 30, 2019 on a consolidated basis, basis partial ingestion of RevX Platform data

Affle | Top 10 Customers Profile

- Natural shift in the select industry verticals where more advertisers are engaging directly than through their advertising agencies
- Top 10 customers concentration reduced in H1 FY2020

H1 FY2019 Customer Contribution

As a % of Consolidated Revenue

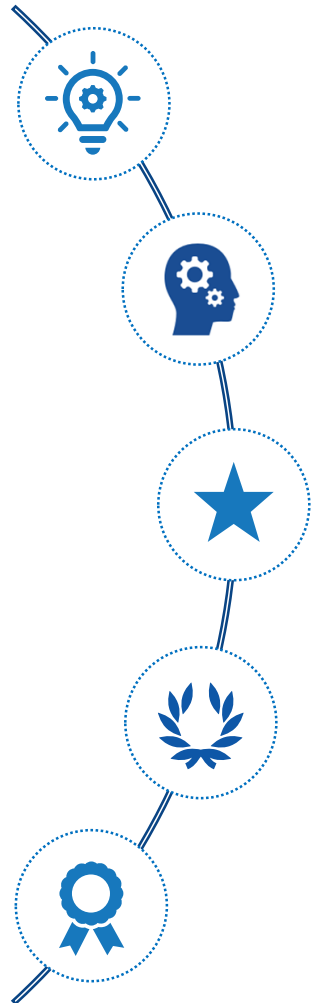


H1 FY2020 Customer Contribution

As a % of Consolidated Revenue



Recent Developments



Filed 14 patents in Singapore and the USA to fortify AI-driven intelligence & automation for conversion - driven marketing with a key focus on conversational, vernacular and voice-based intelligence

Launched new Research & Development Centre in Bangalore to strengthen the focus on new technology innovations using AI & machine learning technologies

Recognised as the 'Technology Company of the Year' & 'Best in Show' at MMA (Mobile Marketing Association) Smarties Awards 2019, Mumbai

Won Gold for innovate mobile advertising for Meesho at MMA Smarties Global Awards. 6 more awards for top brands - Meesho, Bobbi Brown and Sprite in diverse categories, at MMA Smarties Awards, Mumbai

Awarded 4 awards for mobile advertising campaigns for top brands including Meesho, Dunzo, Bobbi Brown and Isobar from exchange4media at the Maddies Awards 2019

Affle | At a Glance



ABOUT

- Global technology company with a leading market position in India and a profitable business model
- Existent partnerships with top global e-commerce companies, brands & agencies



BUSINESS SEGMENTS

- 1) **Consumer Platform:** Delivers acquisitions, engagements & transactions for leading brands and B2C companies. Also, includes retargeting & push notification for e-commerce (**96.8% H1 FY20 revenue**)¹
- 2) **Enterprise Platform:** Enabling offline businesses to go online through App development, O2O² commerce & data analytics (**3.2% H1 FY20 revenue**)¹



GLOBAL REACH

India, South East Asia (SEA), Middle East and Africa (MEA), North America (NA), Europe, Japan, Korea and Australia (JKA)

49.7%
India revenue^{1,3}
H1 FY2020

50.3%
International revenue^{1,3}
H1 FY2020



END TO END MOBILE ADVERTISING PLATFORM

- In-house data management platform with over **2.1 Bn⁴** connected devices profiled that drives our predictive optimization algorithm
- Fraud Detection platform to help deliver high ROI to our customers



R&D FOCUS WITH A STRONG PATENT PORTFOLIO

3	10	1	4
Patents registered in US for digital advertising	Patents filed in USA & India for digital ad fraud detection	Patent related to retargeting business filed in US	Patents filed in Singapore



FINANCIAL SUMMARY (12M FY2019 Consolidated)

Revenue	Rs. 2,494mn
EBITDA	Rs. 703mn
PAT	Rs. 488mn

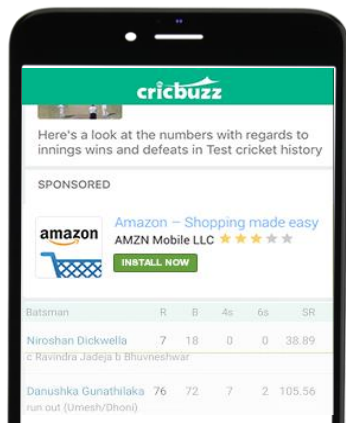
1. For the half year ended September 30, 2019 on a consolidated basis; 2. O2O : Online to Offline; 3. Region-wise contribution; 4. For the last twelve months period of Oct 1, 2018 to Sept 30, 2019 on a consolidated basis, basis partial ingestion of RevX Platform data

Affle | Cost Per Converted User (CPCU) Business

94.0% of Consumer Platform revenue contributed by CPCU model in H1 FY2020 and 6.0% from Non-CPCU (CPC/CPM¹ type advertising)



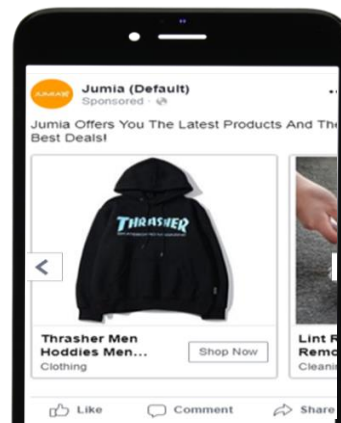
**New user conversion
(online)**



Use Case - Targeted new user acquisition optimized to in-app transaction/registration/event



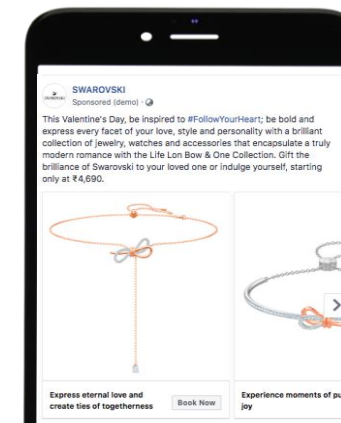
**Existing user repeat conversion
(online)**



Use Case - Target interested user to complete the transaction



**New/existing user conversion
(offline)**

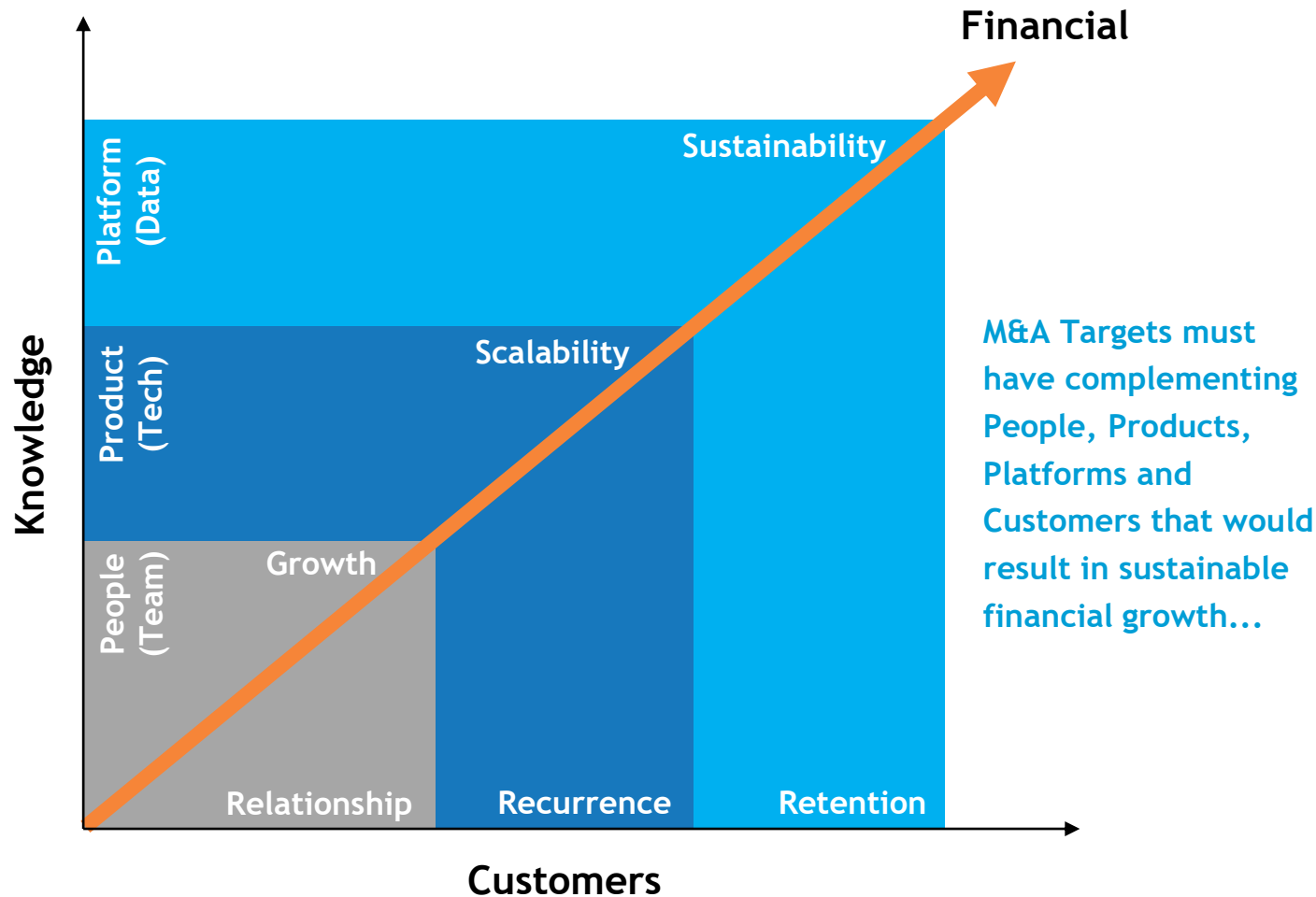


Use Case - Online bookings to drive offline walk-ins (O2O)

1. CPC is Cost per Click, CPM is Cost per thousand Impressions

Inorganic Growth Strategy

Pre Deal Assessment: Key Capability Attributes



Strategic Focus

Knowledge: Complementing teams, tech and data strengthen our strategic focus and enable efficient expansion to other emerging markets

Customers: Complementing customer relationship to enhance growth and build greater recurrence with integrated tech and data

Financials: Enhance value for shareholders by enhancing the profitability of the acquired businesses and the PE multiple



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Consolidated Financial Summary

In Rs. million	Q1 FY2019	Q1 FY2020	Y-o-Y Growth	Q2 FY2019	Q2 FY2020	Y-o-Y Growth	H1 FY2019	H1 FY2020	Y-o-Y Growth
Revenue from Contracts with Customers	544	746	37.1%	604	847	40.4%	1,148	1,593	38.8%
Other Income	2	3		(1)	6		1	9	
Total Revenue	546	749	37.0%	603	854	41.6%	1,149	1,602	39.4%
Inventory and Data Costs	310	428		332	486		642	914	
Employee Benefits Expense	52	60		48	78		99	139	
Other Expenses	62	71		70	65		132	137	
EBITDA	121	187	54.8%	154	217	41.1%	275	404	47.1%
<i>% EBITDA Margin</i>	<i>22.2%</i>	<i>25.0%</i>		<i>25.6%</i>	<i>25.7%</i>		<i>24.0%</i>	<i>25.4%</i>	
Depreciation and Amortisation Expense	23	25		27	29		50	53	
EBIT	98	162	65.9%	128	189	48.0%	225	351	55.7%
<i>% EBIT Margin</i>	<i>18.0%</i>	<i>21.8%</i>		<i>21.1%</i>	<i>22.3%</i>		<i>19.6%</i>	<i>22.0%</i>	
Finance Costs	0.2	2		3	2		3	4	
Profit Before Tax	100	163	63.6%	123	193	56.2%	223	356	59.5%
Total Tax	23	32		20	37		43	68	
Profit After Tax	77	132	71.0%	103	156	51.2%	180	288	59.7%
<i>% PAT Margin</i>	<i>14.1%</i>	<i>17.6%</i>		<i>17.1%</i>	<i>18.3%</i>		<i>15.7%</i>	<i>18.0%</i>	

Key focus on sustainable profitability growth

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