



2 July 2018

## ASX ANNOUNCEMENT

### Company Exceeds Revenue Projections for H1 2018

#### Highlights

- The Company has exceeded its previously announced revenue forecast for the first half of 2018 by in excess of 10% while maintaining operating margins.
- The programmatic advertising business continues to expand rapidly with integrations of existing and new clients continuing.
- The Company's influencer marketing business "IconicReach" is also continuing to expand with an increasing number of influencers signing up to the Company's self serve platform and more advertisers considering influencer marketing campaigns

engage BDR Limited ("engage:BDR or Company") (ASX:EN1 and EN10) is pleased to announce that the Company's revenue for the first half of 2018 is now expected to be more than 10% higher than its previously announced forecast for the first half of 2018 and considerably higher than for the corresponding period in 2017.

#### Programmatic Advertising Continues to Grow

The shift to programmatic advertising continues to be one of the leading trends in digital advertising and this trend is expected to continue in the next few years. eMarketer Magazine recently reported that last year, advertising spending on programmatic digital display increased to USD \$32.56 billion and is expected to continue to increase to USD \$45 billion by 2019.

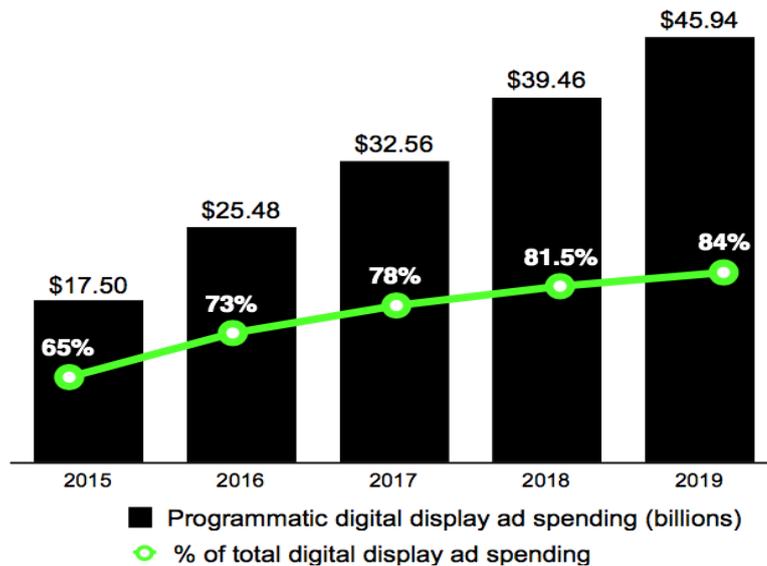
In addition almost USD \$19 billion in additional advertising spending is expected to move in to programmatic display between 2018 and 2020. At the same time, Magna, the research division of media buying firm IPG Mediabrands, has reported that 2017 was the first year where digital advertising spending exceeded that of traditional broadcast TV and predicted that in 2018 digital advertising spending will grow by a further 13 percent.

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## US Programmatic Digital Display Ad Spending from 2015-2019



\*Source: eMarketer

## Video and Mobile Advertising Trends

The growth of digital video advertising in the U.S. is continuing. The past few years have demonstrated that increasingly businesses are preferring video advertising over other forms of media. By adding video marketing to their “toolboxes”, advertisers have seen increases in conversations and sales, increasing ROI, and more extensive reach.

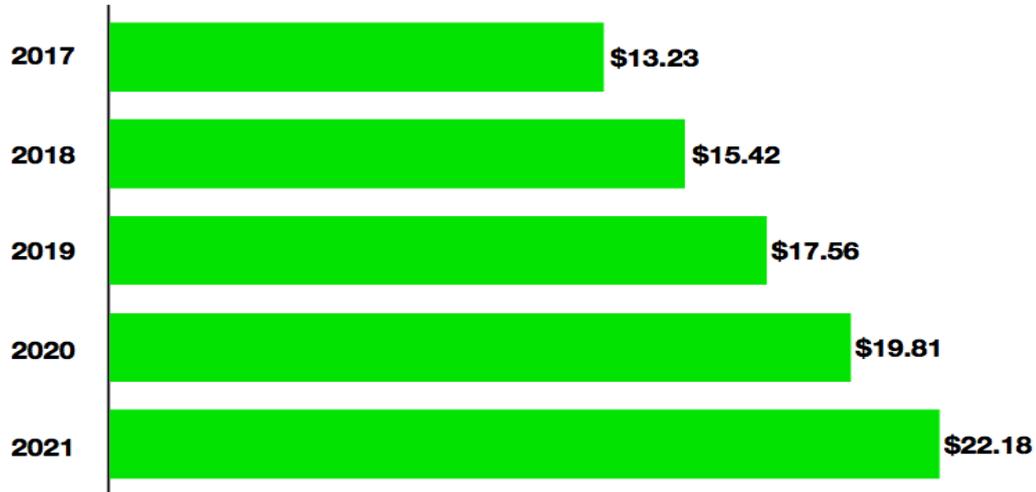
Digital video advertising goes beyond still photos by engaging audiences, providing detailed explanations and tutorials and igniting emotions which convinces the consumer to make a purchase. ThinkWithGoogle has reported that, nearly 50% of internet users seek videos related to a product or service before visiting a store and eMarketer cites that video advertising marketing will increase by double digit percentages annually between 2018 and 2021, surpassing \$22 billion by the end of 2021.

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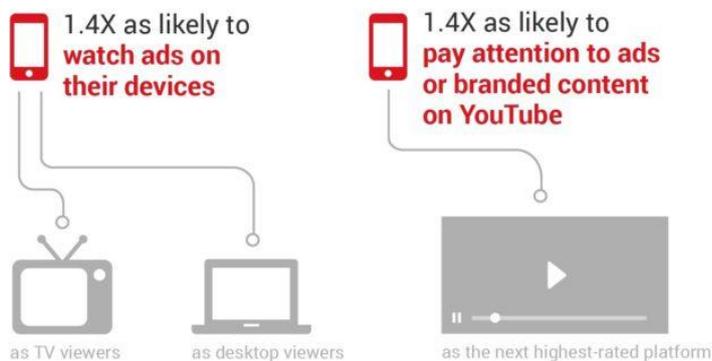
## US Digital Video Ad Spending from 2017-2021 (\$ billions)



\*Source: eMarketer

As video advertising spending increases, there is also a shift in where advertising is being bought. A preference is emerging for mobile placements over traditional desktops. InMobi analysis highlights that statistics are reversing and 1.5x more media time is being spent on mobile devices when compared with desktops. With the growth of smartphone use and a majority of consumers preferring to watch videos on the go, mobile video advertising draws larger audiences. Video advertising is advancing rapidly and is expected to continue to increase in coming years.

Smartphone video viewers are:



\*Source: Google

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## **Influencer Marketing Advantage**

Influencer marketing assists the video advertising process by taking the burden of video production off the business. Instead of paying a production company to produce a video and then spending time and resources to pinpoint an audience to display the video too, marketing with influencers achieves both. The Influencer films the video and posts it on their various social media accounts. This can include a 10-50 second video on SnapChat, a 1-2 minute video on their Instagram account or a Facebook Story, or a 5-10 minute + video on YouTube.

By sharing these videos from the influencers personal accounts, these individuals use their reputation and “influence” in an attempt to impact buying decisions and drive website traffic quickly and more efficiently than traditional advertising methods. Current demand among consumers is for shorter, more concise displays of information, which is what influencers are able to provide. In the same way influencers already have a niche audience with whom they actively engage, so there is no need to search for the audience you are trying to reach.

The engage:BDR IconicReach business, understand the value that influencers provide in digital marketing and video advertising. The Company’s focus in the first 6 months of this calendar year has been to drive video and mobile advertising for its clients. Video ads are trending among influencers and the Company’s experience has shown increased engagement with videos as compared to photos.

Influencers are perceived to be the experts and thought leaders in their respective fields, allowing them to drive user engagement effectively and with credibility. They have build trust with their followers by giving them honest opinions and sharing useful know-how. Some of the most popular methods of using influencers in video marketing are to have them create product tutorials and reviews, unboxing videos, video blogs (vlogs) and providing product giveaways. Video animation company, Wyzowl, reports that, “74% of users who watched an explainer video to learn more about a product or service subsequently bought it.”

Advertisers have a growing appreciation for the benefits of influencer marketing because of its simple, low-cost, and targeted qualities. eMarketer notes that approximately 84% of marketers plan to undertake an influencer marketing campaign in the next 12 months. This should be of considerable benefit to the Company in the year ahead.

The new era of marketing demands a focus on building trust and creating long-term relationships, not just producing content and driving traffic. By utilising influencers, businesses have a group of individuals who are promoting content to their loyal followers. By doing so through video, the

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content is reaching the maximum number of potential customers and being more widely accepted.

As previously advised the Company generally derives approximately 25% of its annual revenues in H1, 25% in Q3 and 50% in the pre Christmas, Q4 period, and based on current performance and business in the pipeline, (not including the proposed acquisitions) re-affirms its previously announced financial forecasts.

On behalf of the Board

Ted Dhanik  
Co founder and Executive Chairman  
**engage:BDR Limited**

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