

# digital turbine®

Analyst Day

*June 2018*



# Schedule of Events

**Welcome** – Brian Bartholomew, SVP Capital Markets

**Digital Turbine Today & In The Future** – Bill Stone, CEO  
*The Digital Turbine Mobile Delivery Platform*

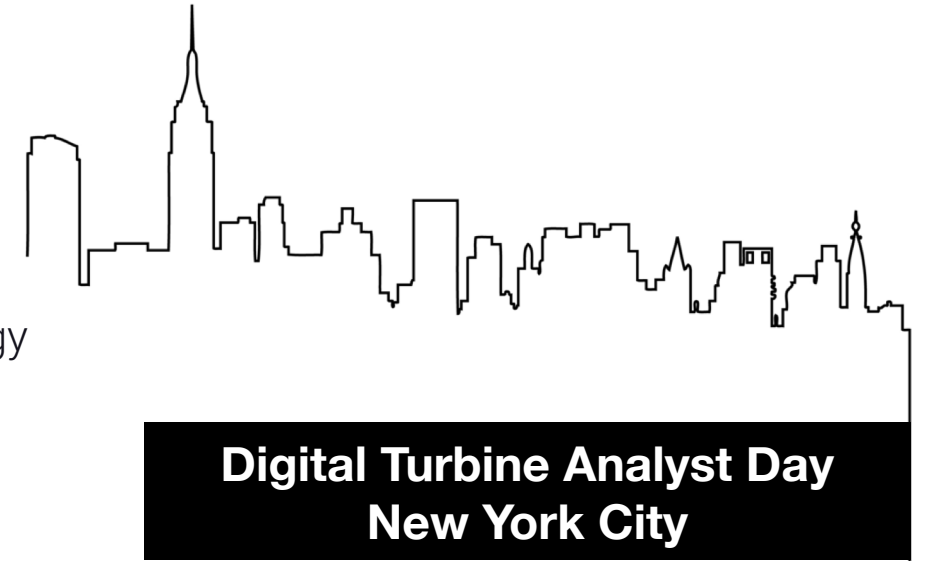
**Product Demonstrations** – Brandon Ayers, Dir. of Product Strategy

**The Supply Side** – Bill Stone, CEO  
*Carrier/OEM Value Proposition*  
*Presentation by Roberto López Diaz, América Móvil*

**The Demand Side** – Matt Tubergen, EVP Media  
*Perspective on Mobile Media Market*  
*Fireside Chat Panel - David McKie, Yelp and Alexander Matthews, Oath*

**Financial Overview** – Barrett Garrison, CFO

**Closing Remarks and Q&A**



**Digital Turbine Analyst Day  
New York City**



# Safe Harbor Statement

This presentation includes "forward-looking statements" within the meaning of the U.S. federal securities laws. Statements in this news release that are not statements of historical fact and that concern future results from operations, financial position, economic conditions, product releases and any other statement that may be construed as a prediction of future performance or events, including financial projections and growth in various products are forward-looking statements that speak only as of the date made and which involve known and unknown risks, uncertainties and other factors which may, should one or more of these risks uncertainties or other factors materialize, cause actual results to differ materially from those expressed or implied by such statements. These factors and risks include risks associated with Ignite adoption among existing customers (including the impact of possible delays with major carrier and OEM partners in the roll out for mobile phones deploying Ignite); actual mobile device sales and sell-through where Ignite is deployed is out of our control; new customer adoption and time to revenue with new carrier and OEM partners is subject to delays and factors out of our control; risks associated with fluctuations in the number of Ignite slots across US carrier partners; the challenges, given the Company's comparatively small size, to expand the combined Company's global reach, accelerate growth and create a scalable, low-capex business model that drives EBITDA (as well as Adjusted EBITDA); varying and often

unpredictable levels of orders; the challenges inherent in technology development necessary to maintain the Company's competitive advantage such as adherence to release schedules and the costs and time required for finalization and gaining market acceptance of new products; changes in economic conditions and market demand; rapid and complex changes occurring in the mobile marketplace; pricing and other activities by competitors; derivative and warrant liabilities on our balance sheet will fluctuate as our stock price moves and will also produce changes in our income statement; these fluctuations and changes might materially impact our reported GAAP financials in an adverse manner, particularly if our stock price were to rise; technology management risk as the Company needs to adapt to complex specifications of different carriers and the management of a complex technology platform given the Company's relatively limited resources; and other risks including those described from time to time in Digital Turbine's filings on Forms 10-K and 10-Q with the Securities and Exchange Commission (SEC), press releases and other communications. You should not place undue reliance on these forward-looking statements. The Company does not undertake to update forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

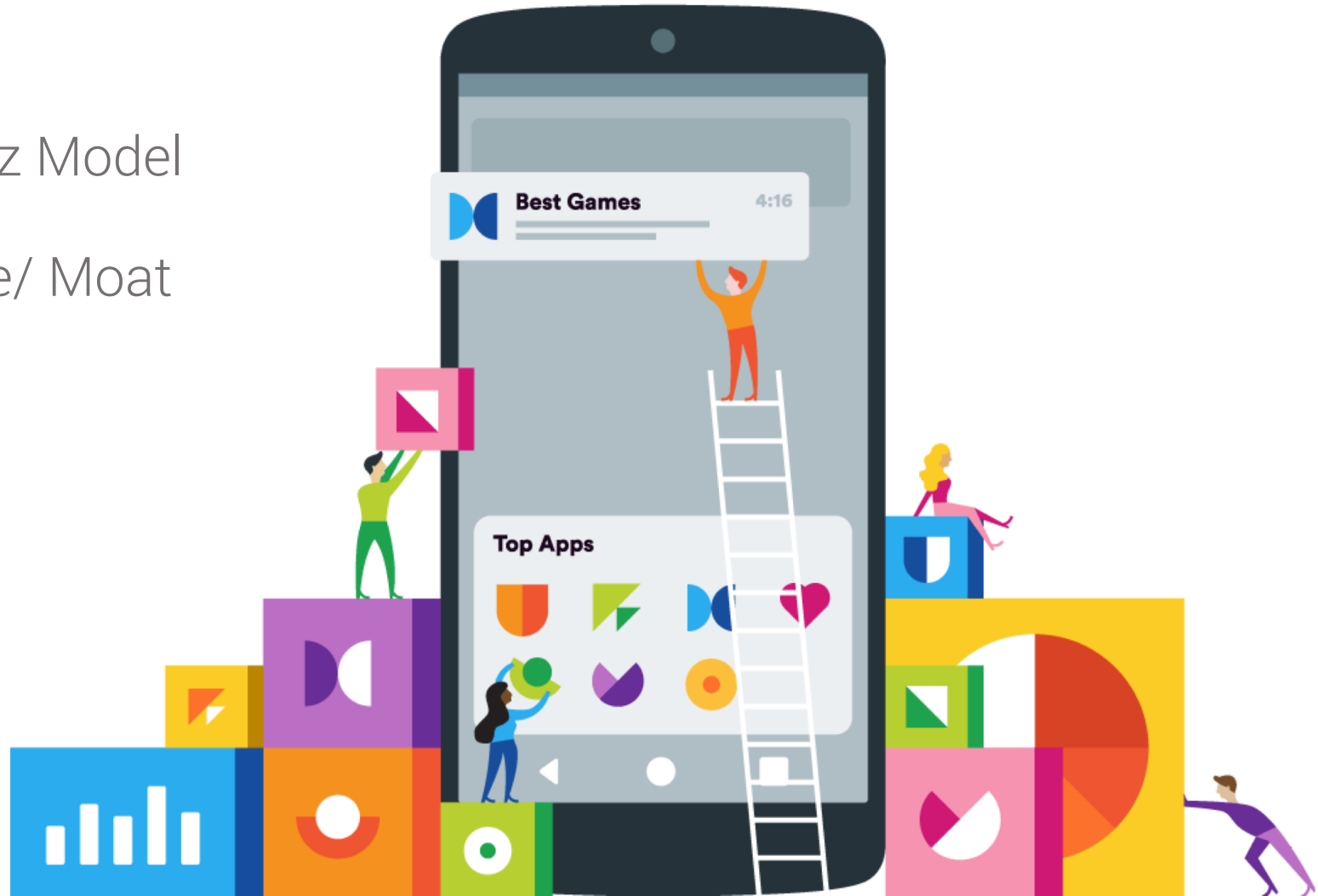


Digital Turbine Platform  
Today & In The Future

**Bill Stone**, CEO

# Building Blocks of Value

- Demand/Customers
- Operating Leverage/ Biz Model
- Competitive Landscape/ Moat
- Timing (esp. in Tech)



# Market Dynamics



## Apps are Ingrained in our Lives

3.5 M apps in Google Play Store while average user has 30 apps on device using 10 per day



## Time Spent in Apps

Users in the US averaged 2+ hours per day in time spent in apps (or over one month per year)



## App Install Market

Global App Install Market estimated to be between \$15B today with App Store revenue forecasted to be \$100B by 2020



## Rise of Fraud

The rising cost of fraud per quarter for mobile app marketers is estimated \$700-\$800M per quarter



## Duopoly

The 'duopoly' of FB/Google saw digital advertising market share drop for first time in 2018



## Operators & OEMs

Despite control over the homescreen, Operators and OEM's a small fraction of Global App Install Market today

# Growth Drivers

Multiple levers to drive accelerated growth



**New Products**

X



**More Devices**

X



**Advertiser Demand**

=



**Platform  
Network Effects**

# Growth Drivers

Multiple levers to drive accelerated growth



**New Products**

X



**More Devices**

X



**Advertiser Demand**

=

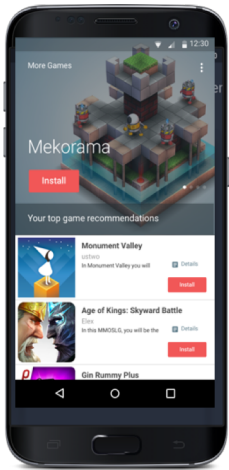
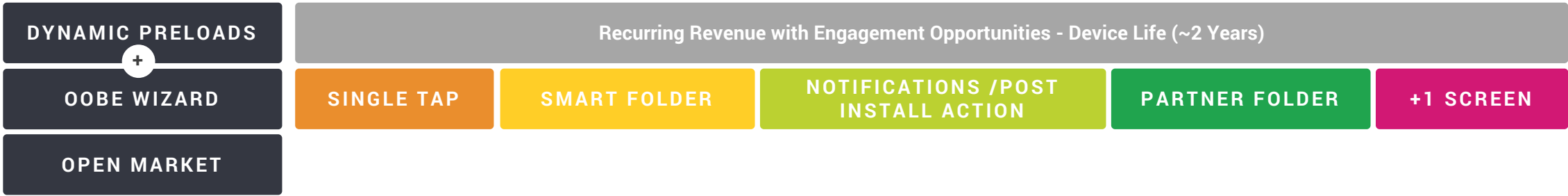


**Platform  
Network Effects**

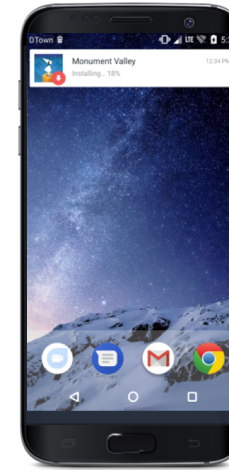
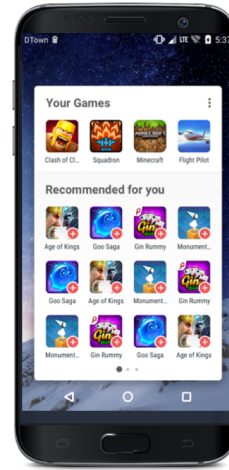
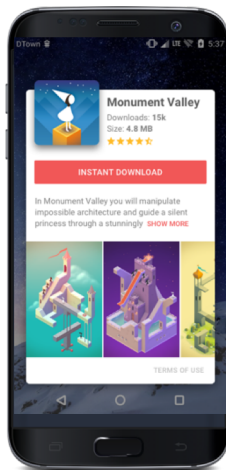


PRODUCTS

# Expansion of Product Portfolio Driving New Revenue Streams



Device Activation (Day 1)





# Product Demonstrations

**Brandon Ayers**, Director of Product Strategy





PRODUCTS

# Expansion of Product Portfolio Driving New Revenue Streams

DYNAMIC PRELOADS

Recurring Revenue with Engagement Opportunities - Device Life (~2 Years)

Oobe Wizard

SINGLE TAP

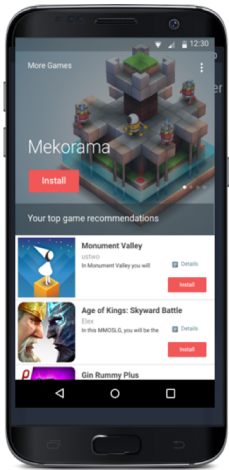
SMART FOLDER

POST INSTALL ACTIONS

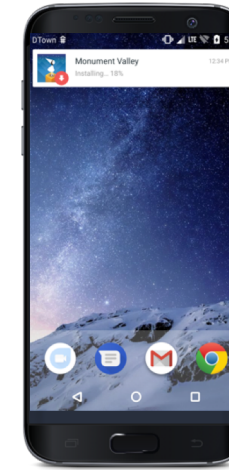
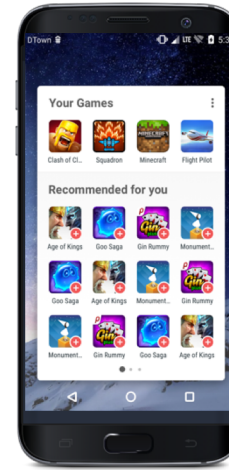
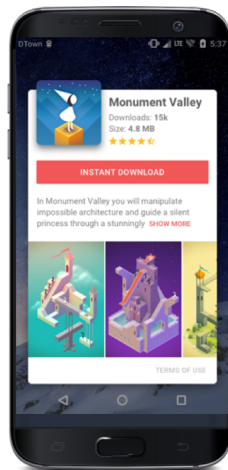
PARTNER FOLDER

+1 SCREEN

OPEN MARKET



Device Activation (Day 1)

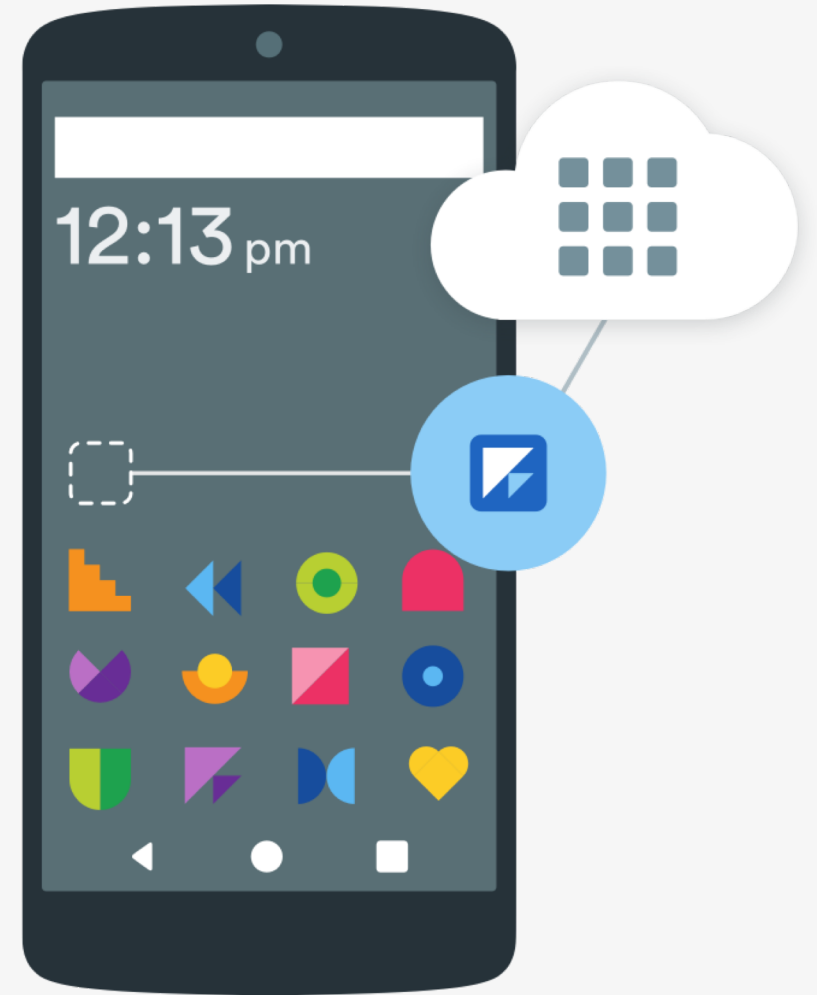




PRODUCTS

## Dynamic Preloads

- Designed to mimic the traditional factory preload experience
- Frictionless user-experience, requiring no user interaction
- Sponsored and partner applications installed seamlessly
- Revenue maximized by real-time ad-serving technology
- Dynamic OOB E may be paired with OOB E Wizard for a 'Blended' flow

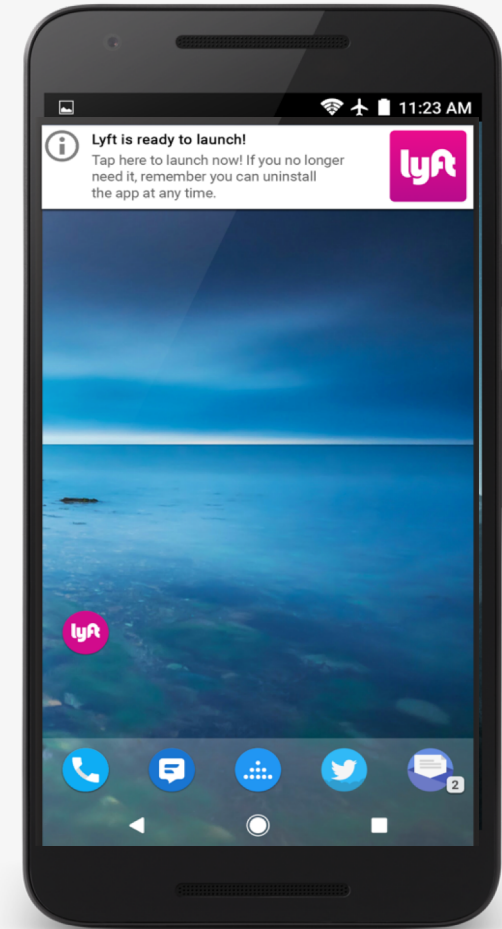




PRODUCTS

## Post Install Actions

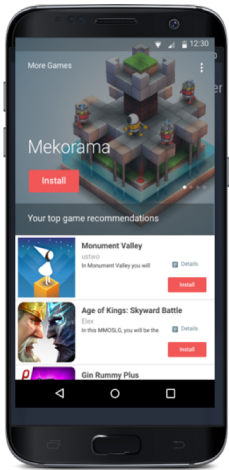
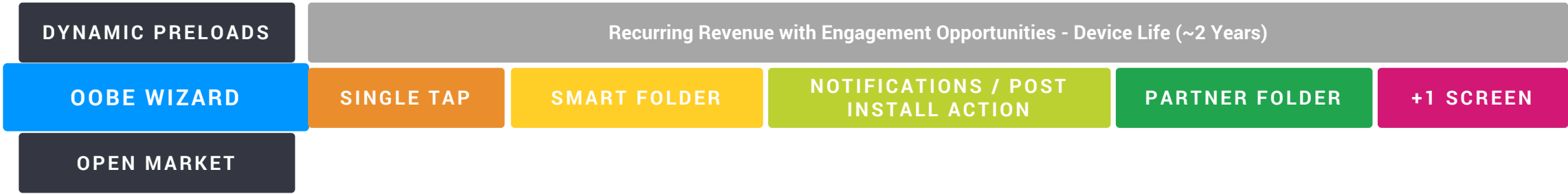
- Rich media notifications and precise targeting drive increased conversion and revenue.
- Shown to increase conversions by more than 100%.
- Actions are configured on a per app basis.
- Post Install Actions may be instant or delayed – e.g. 48 hours or 30 days.
- Multiple apps can be configured with PIA, using staggered timing.



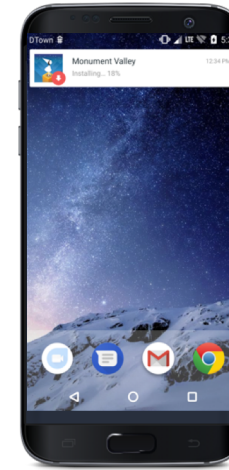
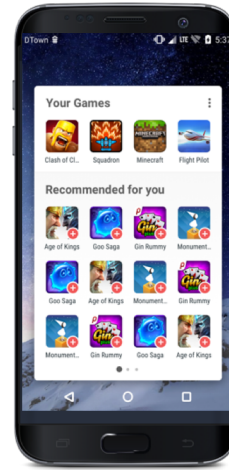
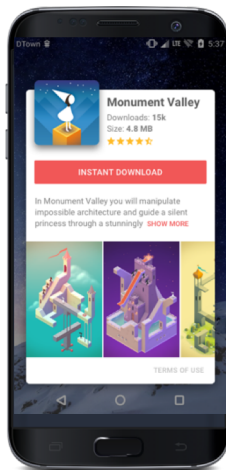


PRODUCTS

# Expansion of Product Portfolio Driving New Revenue Streams



Device Activation (Day 1)



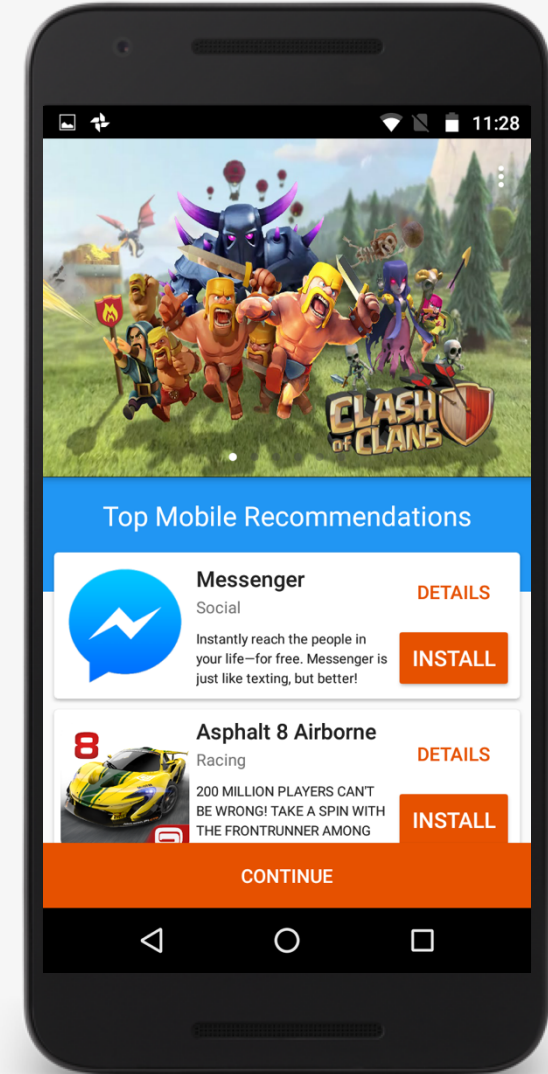


## PRODUCTS

# Out Of The Box Experience (OOBE) Wizard

Curated app list is presented to the user during new device set up. Enables users to opt-in and self-select which apps to install from a recommended selection.

- Get discovered - capture users' attention when they are focused on setting up their device for the first time.
- Post install notifications available to prompt further user engagement.





PRODUCTS

# Expansion of Product Portfolio Driving New Revenue Streams

DYNAMIC PRELOADS

OOBE WIZARD

OPEN MARKET

Recurring Revenue with Engagement Opportunities - Device Life (~2 Years)

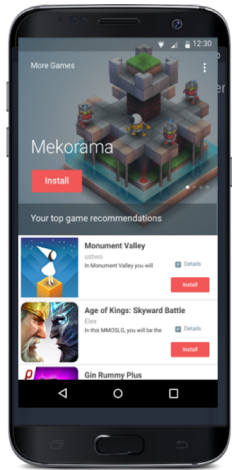
SINGLE TAP

SMART FOLDER

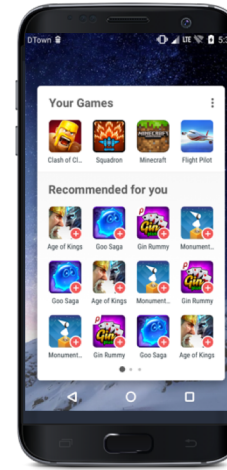
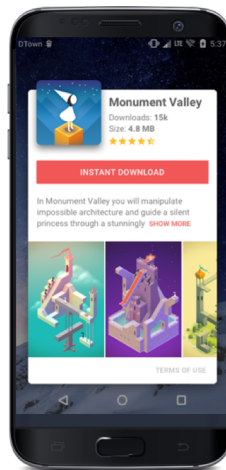
NOTIFICATIONS / POST  
INSTALL ACTION

PARTNER FOLDER

+1 SCREEN



Device Activation (Day 1)





PRODUCTS

## Open Market / BYOD

### Seamlessly deliver a signature experience to BYOD devices

When a customer using a Digital Turbine Platform enabled device registers on a carrier network, a custom experience can be delivered to that device – including but not limited to **targeted notifications** and **application delivery** without requiring user interaction.

The operator may outline custom experiences on a per-device basis that are triggered when the user inserts a valid SIM card.

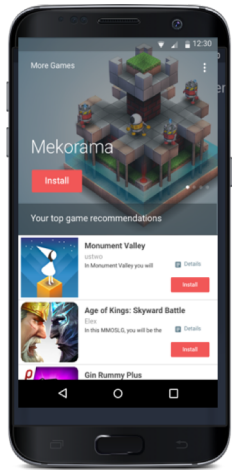
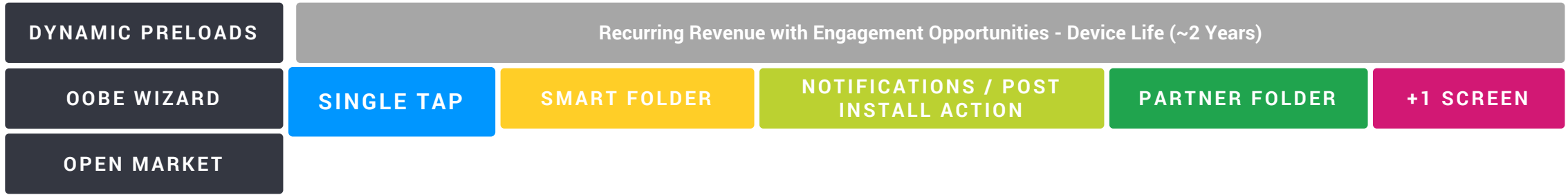




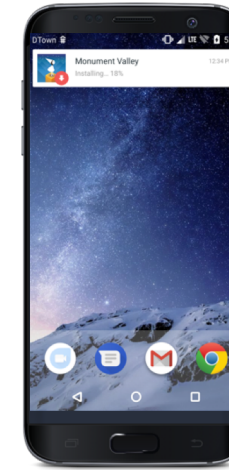
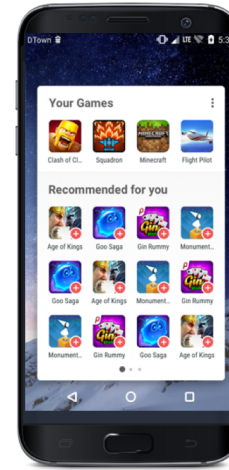
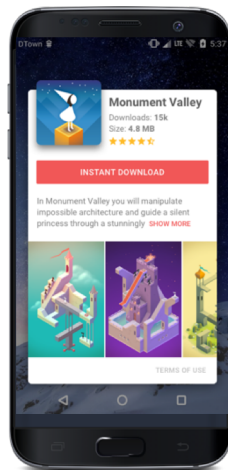


PRODUCTS

# Expansion of Product Portfolio Driving New Revenue Streams



Device Activation (Day 1)





# PRODUCTS Single Tap Installs™

## Install apps from banners without friction

### Revenue

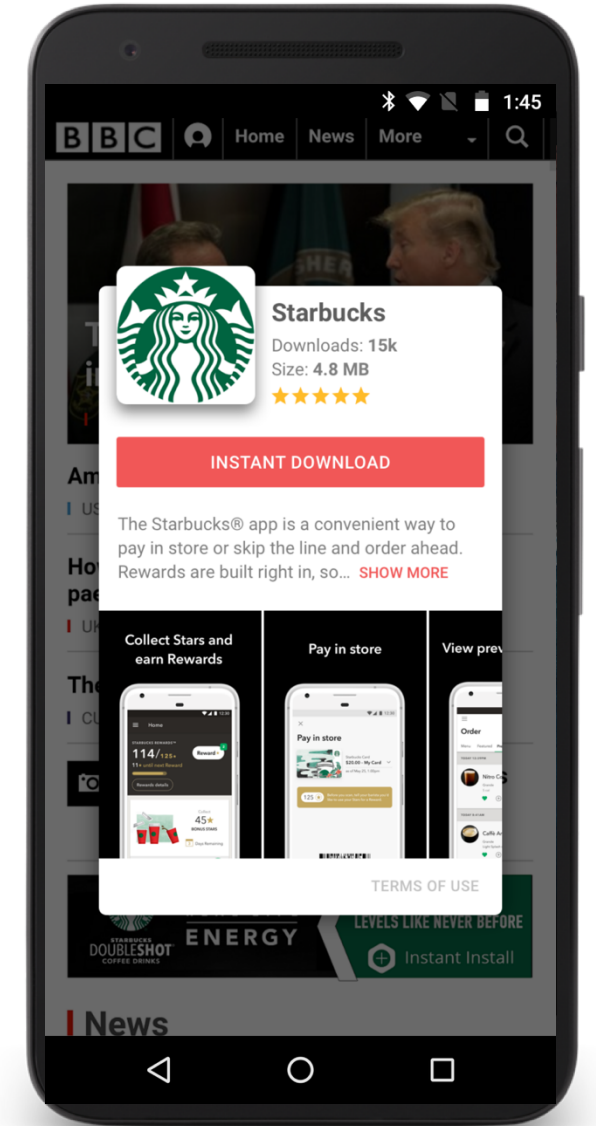
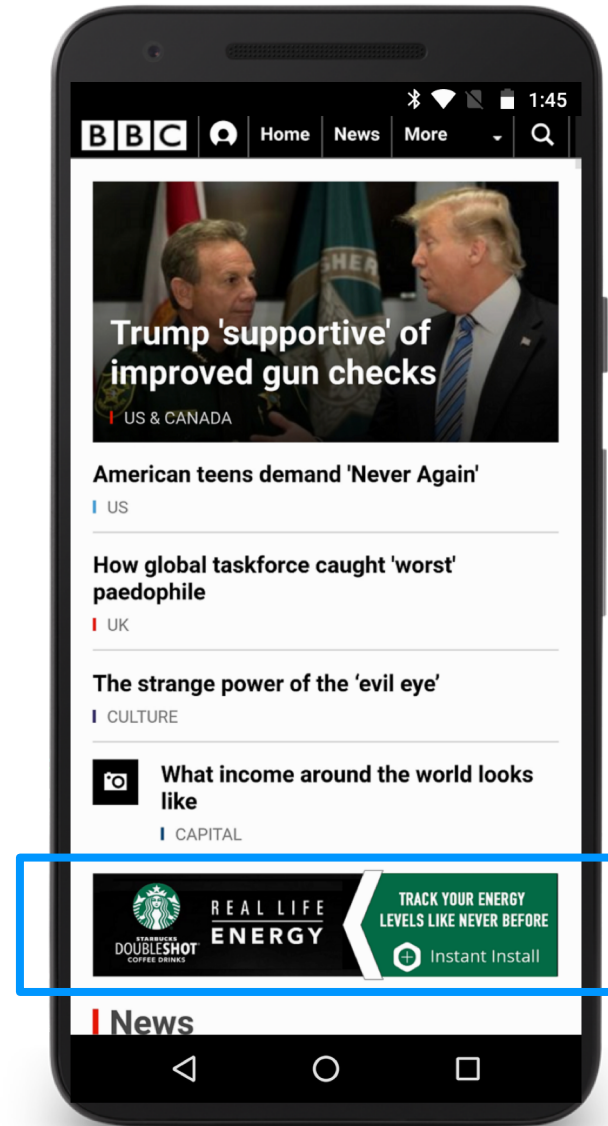
Increase conversion rates by removing friction from the install process

### Improved UX

User experience is simplified by ensuring they are not pulled out of the app they are currently using

### Engagement

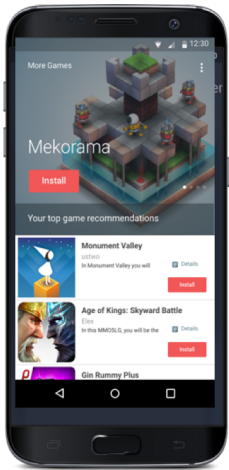
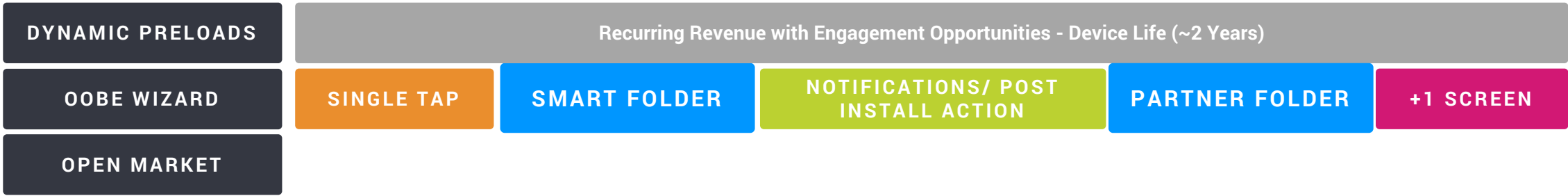
Notifications inform users once the install is complete and prompt them to open the app



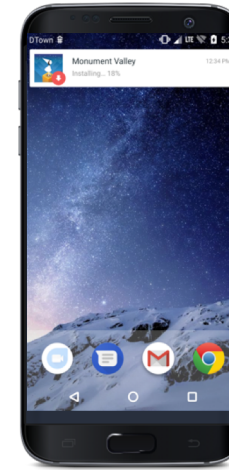
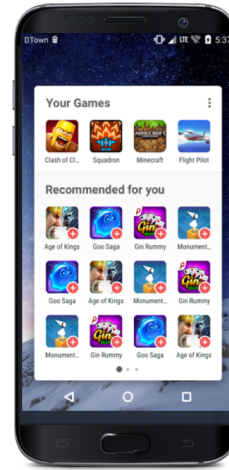
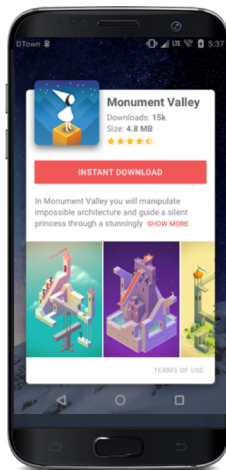


PRODUCTS

# Expansion of Product Portfolio Driving New Revenue Streams



Device Activation (Day 1)





PRODUCTS

## Smart Folders / Partner Folder

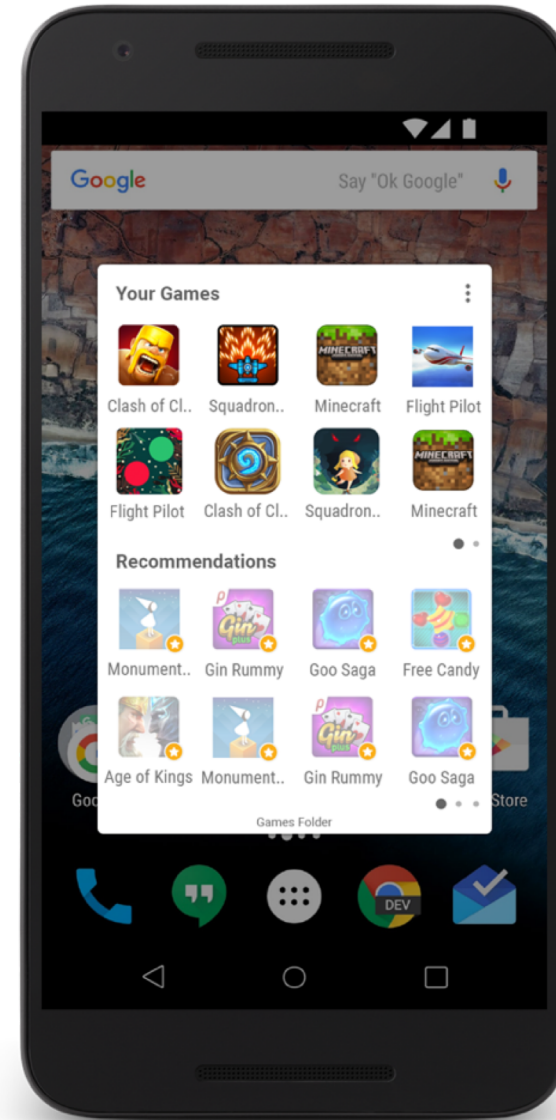
The Smart Folder organizes a users installed apps and seamlessly recommends other relevant titles, all in one convenient hub.

### Categories

The auto-organization of users apps along side contextual, customized recommendations has proven to be very effective. By building a focused Games Smart Hub we deliver add value to the users device and create opportunity for app discovery and revenue generation.

### Strategic Apps

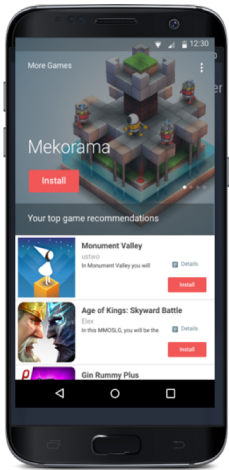
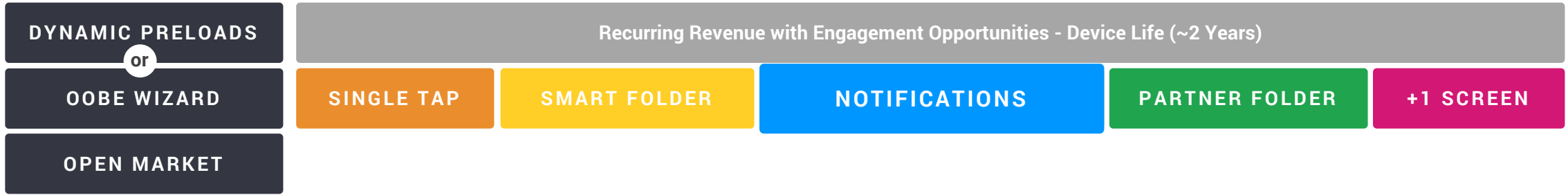
The Smart Folder can also be used to organize a partner's strategically important applications. This serves to declutter the device and drive user engagement.



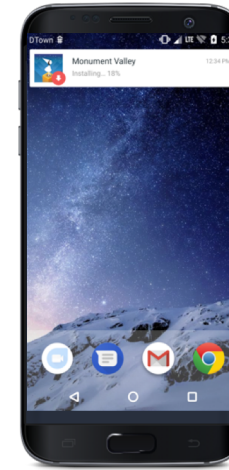
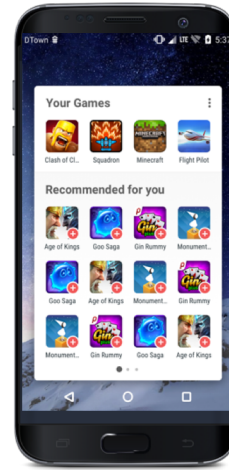
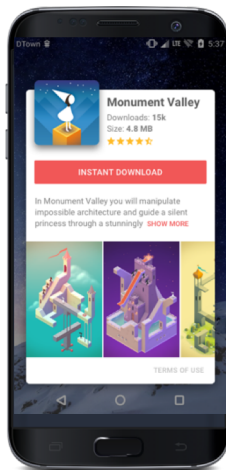


PRODUCTS

# Expansion of Product Portfolio Driving New Revenue Streams



Device Activation (Day 1)





PRODUCTS

# Notifications

## Customer Communication Vehicle

In addition to app installs, notifications can be sent for a variety of actions, such as: promotions, post-install engagement or any other item in order to stay engaged with the user throughout the life of the device.

## Single App

Promote a single title across the installed base. Rich notifications drive installs and engagement for any application, including sponsored titles or any app the partner would like to highlight.

## App Lists

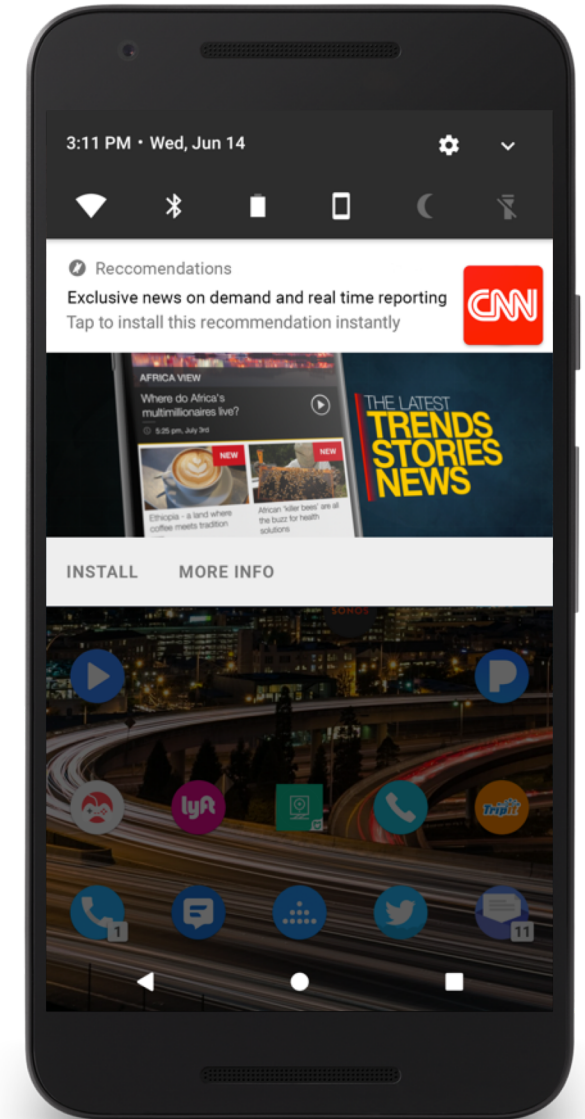
Highlights lists of recommended, new or featured apps to customers, letting them choose which apps to engage with.

## Post Install Action

Post Install Actions may be instant or delayed - eg. 48 hours or 30 days Multiple apps can be configured with PIA, using staggered timing.

## Non-App

Communicate and send updates to customers for non-app information.

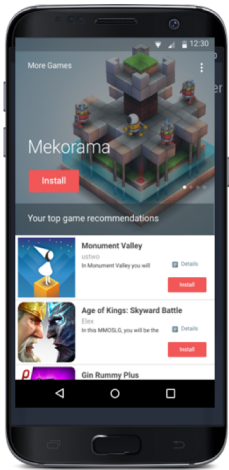
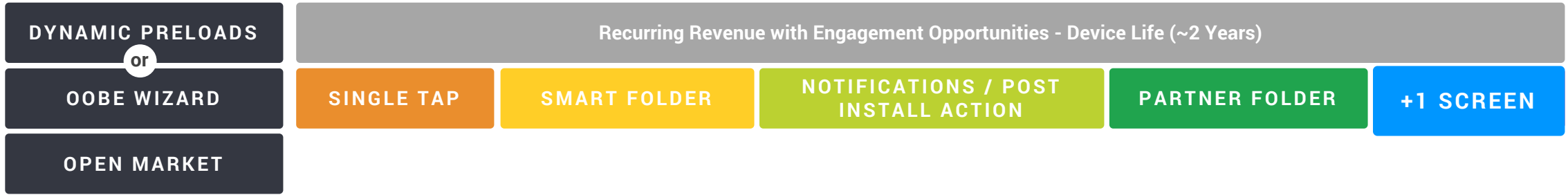




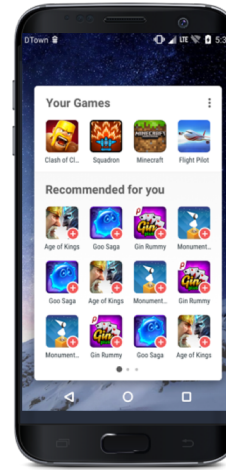
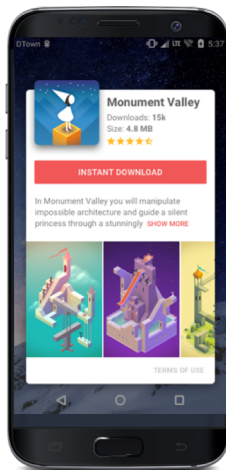


PRODUCTS

# Expansion of Product Portfolio Driving New Revenue Streams



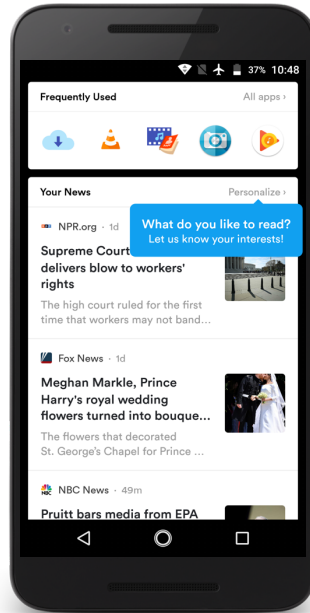
Device Activation (Day 1)



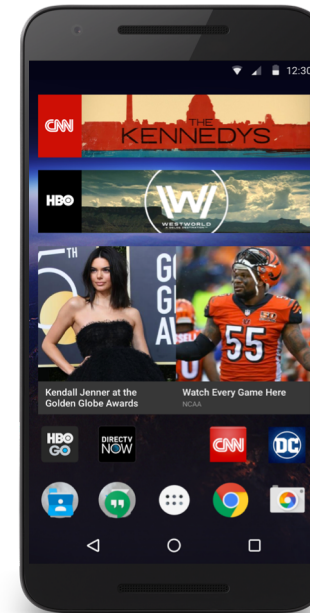
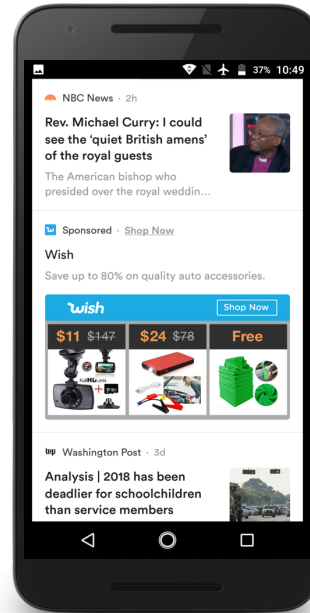


PRODUCTS

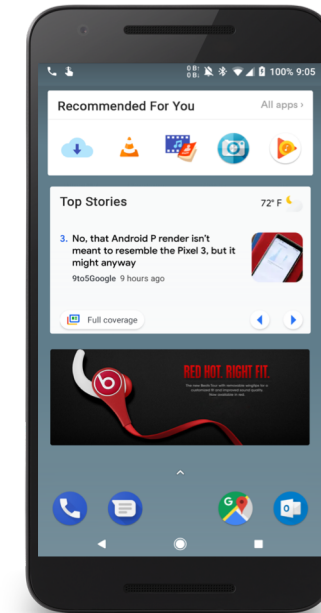
# Side Screen – Content & Monetization



**-1 Screen**



**+1 Screen / Widgets**



- A replacement for default -1 screens. Featuring a blend of organic and sponsored content, supporting a variety of ad types.
- Adds user value and creates an opportunity to surface monetized content to users.

- A series of widgets on screen to the right of Home. May feature sponsored headlines, app recommendations, and other sponsored content. User may remove at any time.



The Supply Side  
**Bill Stone**

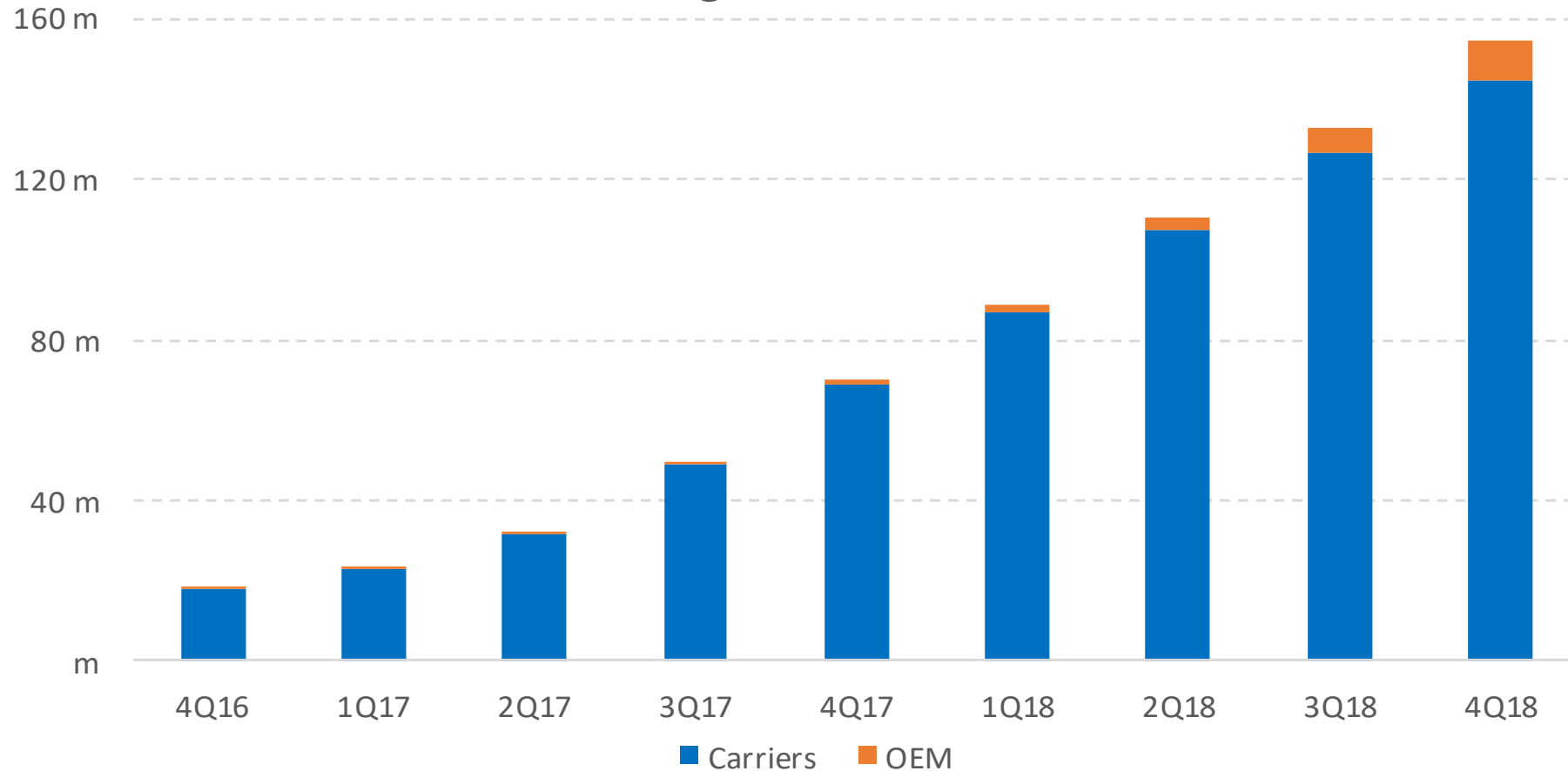




MORE DEVICES

# Devices – Growth Lever

Cumulative Ignite-Installed Devices





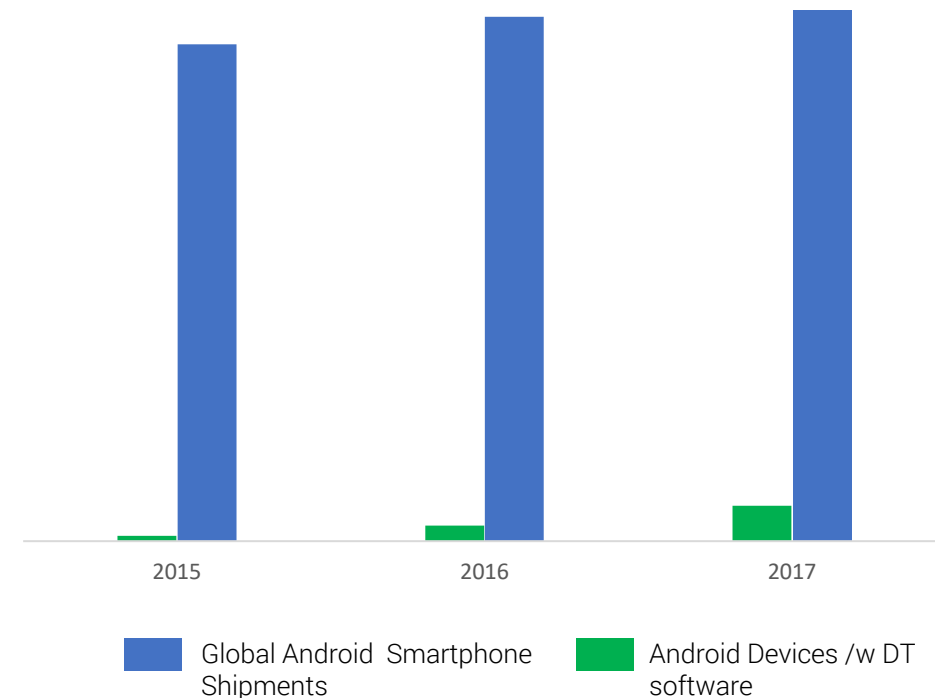
**MORE DEVICES**

# Large Underpenetrated Global Market - Room to Grow

## Device Growth Drivers

- Market share doubling YoY, but only 7% penetrated
- OEM Opportunity
  - OEM benefit & business model
- Breakout of underpenetrated opportunity
- OEM vs. carrier distribution
- Growth of international markets

**Global Android Smartphone Shipments & New Devices w/ Digital Turbine Software**



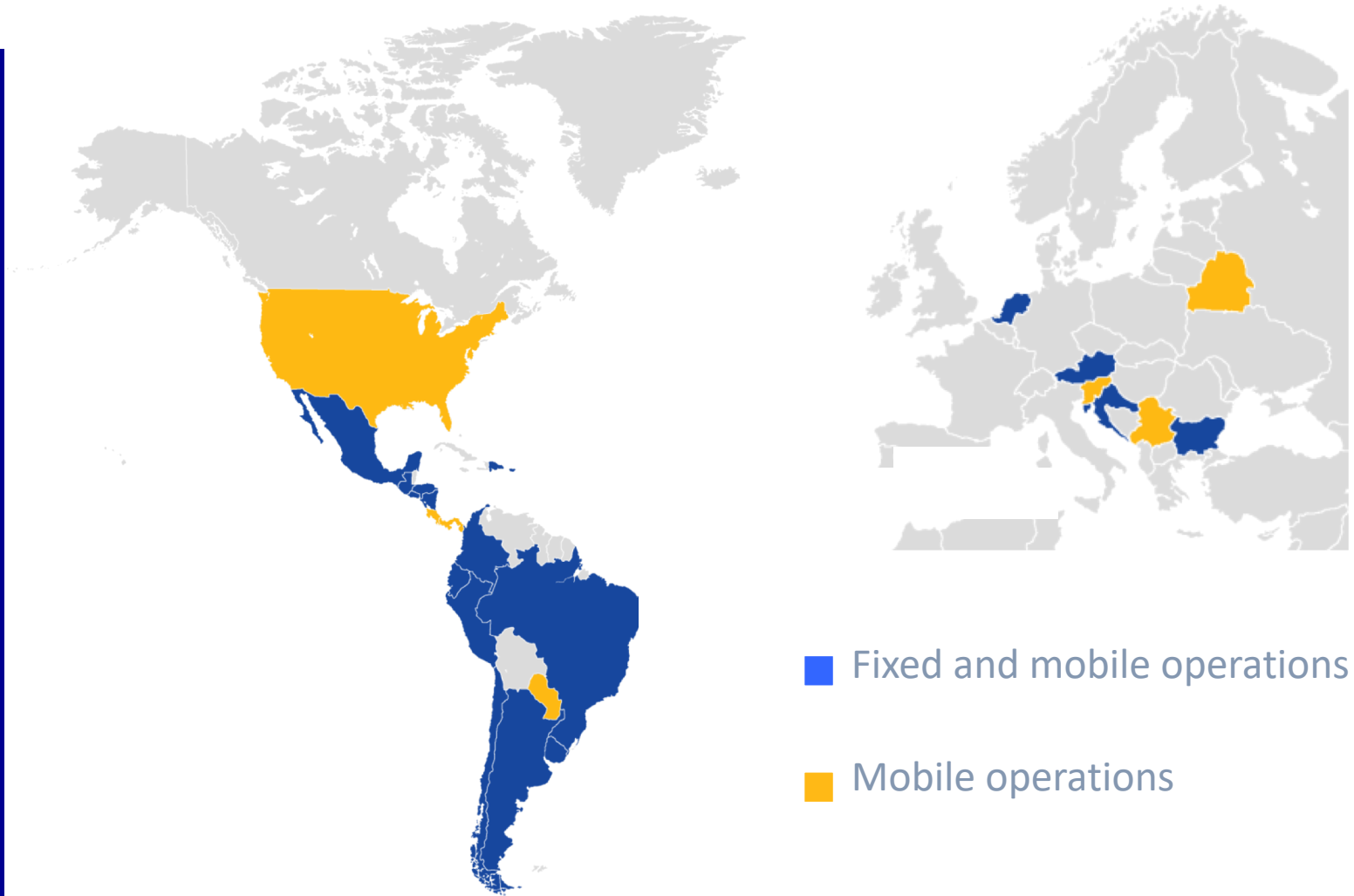
Source: Statista [www.statista.com/statistics/309448/global-smartphone-shipments-forecast-operating-system/](http://www.statista.com/statistics/309448/global-smartphone-shipments-forecast-operating-system/)

# América Móvil

Roberto López Díaz



AMX has presence in **25 countries**, in most of them with fixed and mobile platforms



1Q18 revenues totaled 14bn dollars up 2.8%.  
(EBITDA totaled 3.8Bn dollars)



- AMX is one of the largest integrated telcos in the world with **362 million accesses** and operations in **25 countries**.
- 1Q18 revenues totaled **14bn dollars up 2.8%**. (EBITDA totaled 3.8Bn dollars)
- Our **postpaid** subscriber base was up **7.4% year-on-year**
- We are well **diversified geographically** (USA/LATAM/EUROPE)
- Outside of China, AMX is the **fourth largest company** among global telecom companies in terms of **wireless subscribers**
- We have **43% of the wireless market** in Latin America
- Near to **70% of smartphone penetration** in Latin America
- **Data** represents **54% of service revenues**,
- **Data services** in both, the mobile and fixed platforms, continue to **drive revenue growth**



# América Móvil: Digital Strategy





# Digital Turbine Relationship

## Why Digital Turbine

- Global scale
- Proven solution – top tier telecom adoption
- Robust platform and products
- Media & app ecosystem relationships

## Next Steps

- Simplify operational approach
- Deploying additional products



## AMX and Digital Turbine

- Strong relationships with other Carriers: **Verizon...**
- Platform live on over **140 M dollars up 2.8%**
- Revenue performance and experience in the field
- Product and roadmap
  - **APK vs SDK** Improved functionality and performance
  - **Single tap installs** Incremental Revenue and better user experience
  - **Notifications**

## AMX and Digital Turbine – Operations update

- **Headwinds**
  - **SDK** slow to deploy due to integration with contenedor
  - **Advertisement** revenue slow to ramp up. LATAM market not yet educated
- **Tailwinds**
  - Lots of devices
  - Improvement in local & global campaigns
  - APK and new features that will allow new revenue streams

América Móvil:  
Gracias!





Q&A – Product & Platform



Coffee Break



## The Demand Side

**Matt Tubergen**, EVP Digital Turbine Media



WSJ



JCPenney

ZALORA

Walgreens

pandora



make my trip



lyft



Opera



hulu



VISA

JABONG COM

LAZADA .COM.PH

HBO



amazon



Rakuten

TransferWise



WPP

LinkedIn

ebay

Walmart

dentsu



Aol.







## Fireside Discussion with Yelp & Oath

**Matt Tubergen**, EVP Digital Turbine Media

*Guest Panelists*

**David McKie, Yelp and Alexander Matthews, Oath**





# Financial Overview

**Barrett Garrison**, CFO

# Financial Overview Outline

- SOX Compliance & Wells Notice Update
- Strong Revenue Growth
  - Proliferation of Digital Turbine Platform Enabled Devices
  - Additional Platform Product Offerings
  - Increased Advertiser Demand/Revenue Per Device
- Margin Expansion & Operating Leverage in the Model
- Free Cash Flow Generation
- Balance Sheet Summary

# SOX Compliance & Wells Notice (TBU)

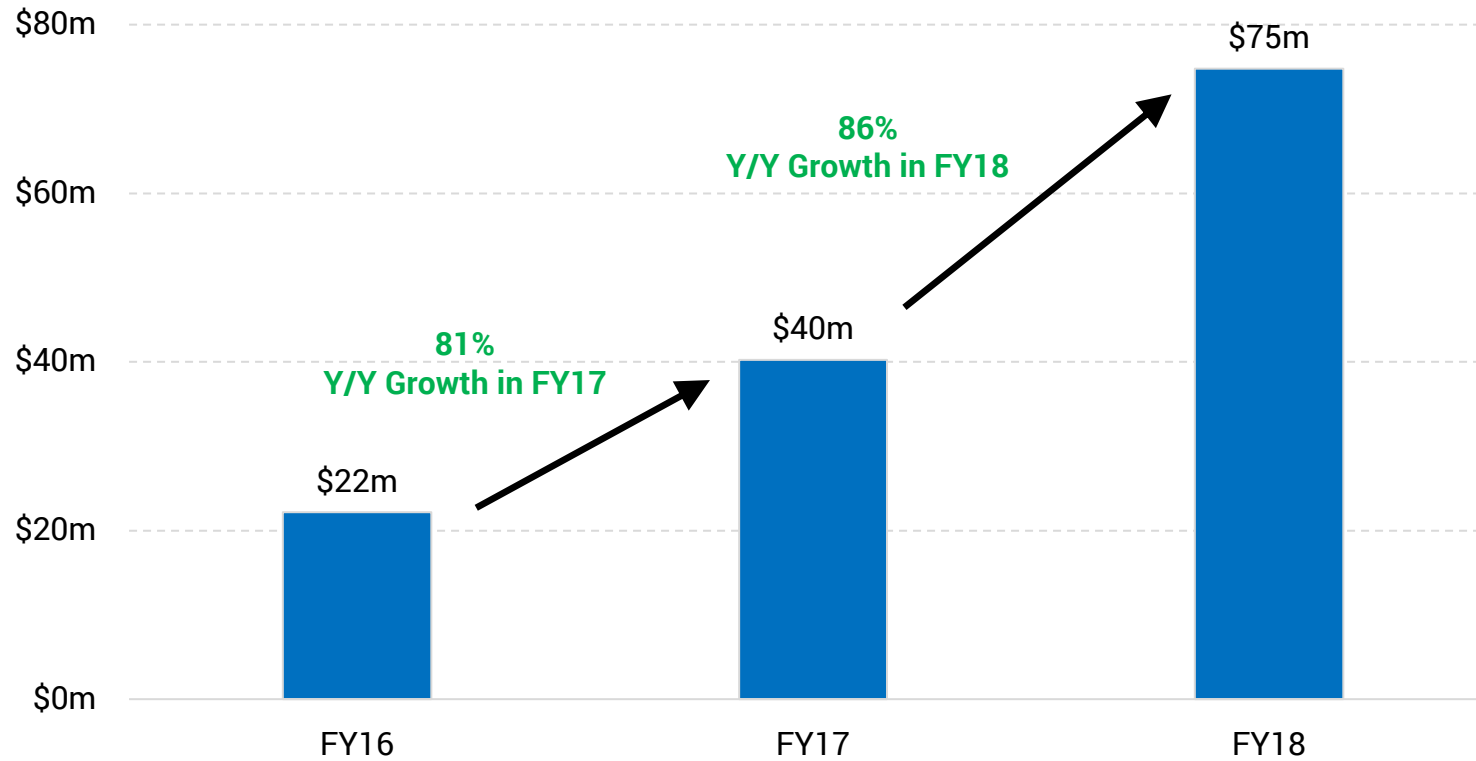
- Fully SOX Compliant as of FYE 2018
  - Prior “material weaknesses”, which formed the basis for an informal SEC inquiry, have now been fully remediated
- SEC-Issued Wells Notice
  - Given proposed settlement terms, the resolution of this matter is unlikely to have a material impact on the Company or its financial position



PLATFORM NETWORK EFFECTS

## Strong Revenue Growth

Annual Mobile Delivery Platform\* revenue growth in excess of 80% each of the past two fiscal years



\* Formerly referred to as Operators & OEMs ("O&O") revenue

# Growth Drivers

Multiple levers to drive accelerated growth



**New Products**

X



**More Devices**

X



**Advertiser Demand**

=



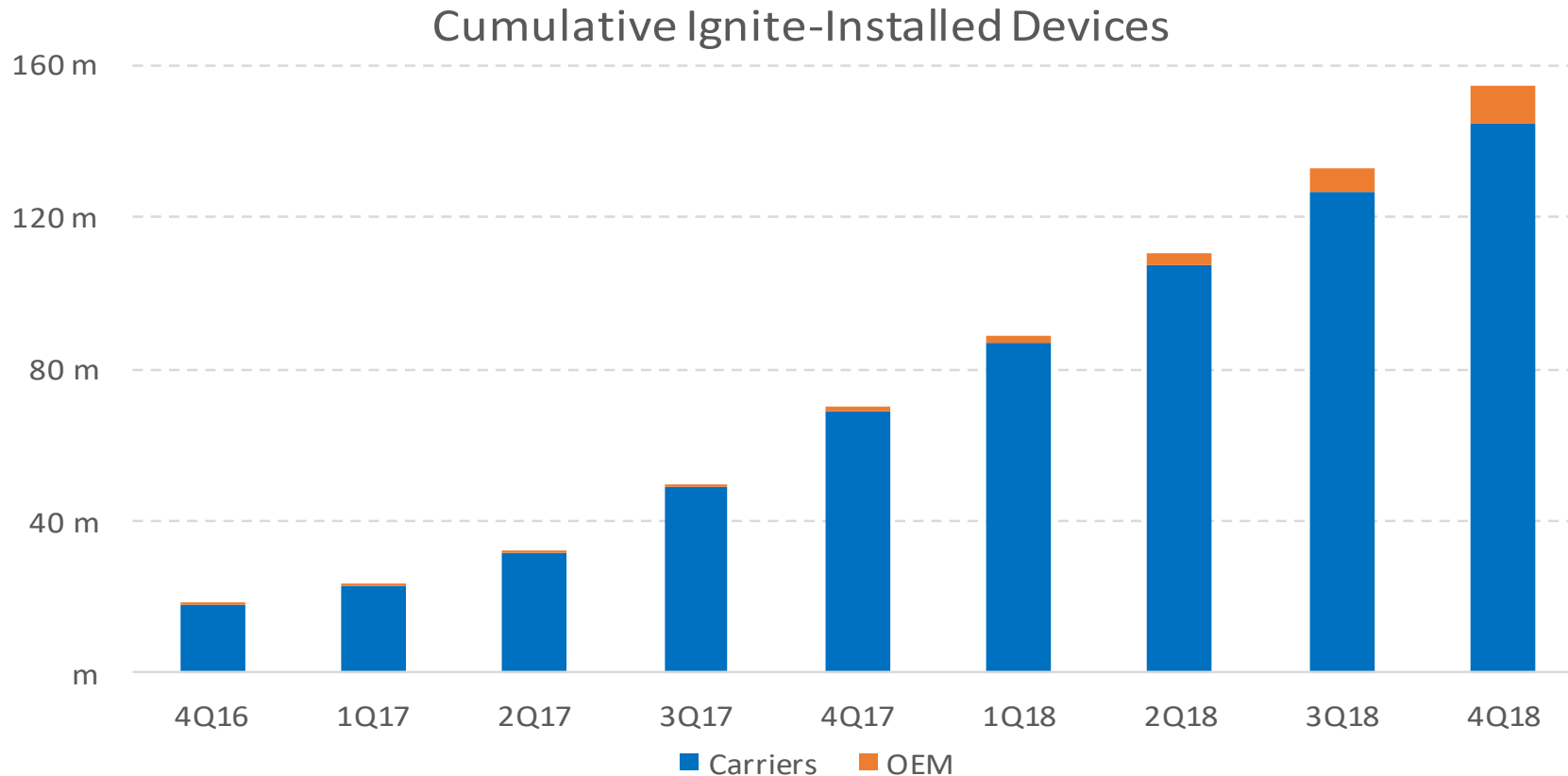
**Platform  
Network Effects**



MORE DEVICES

## Growing Installed Base

Ignite has been *installed on more than 155 million total devices* to date and was installed on 20+ million new devices in each of the past three quarters



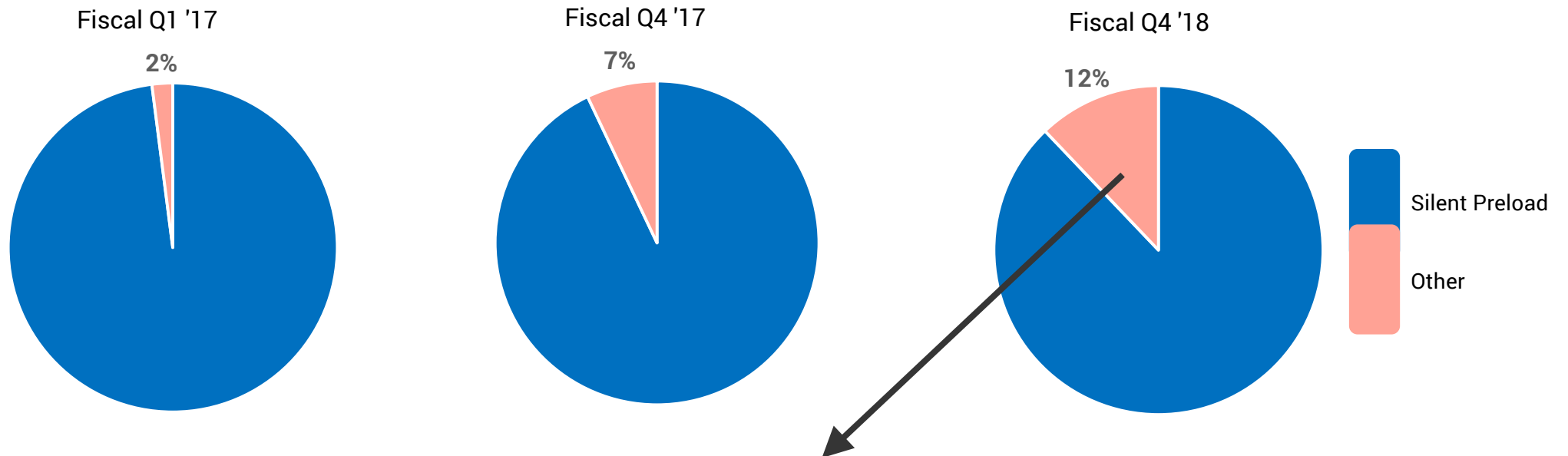


## PRODUCTS

# Multiple New Features Expand Revenue Opportunity

*Single-Tap, Smart Folders and other post-install products are now live* with multiple operators and social media platforms

### % of Total Revenue Derived from Other Products vs Traditional Silent Preload



*Additional product offerings, including Single-Tap, Smart Folders, licensing and other post-install actions, now comprise 12% of total revenue, up from just 2% in early fiscal 2017*



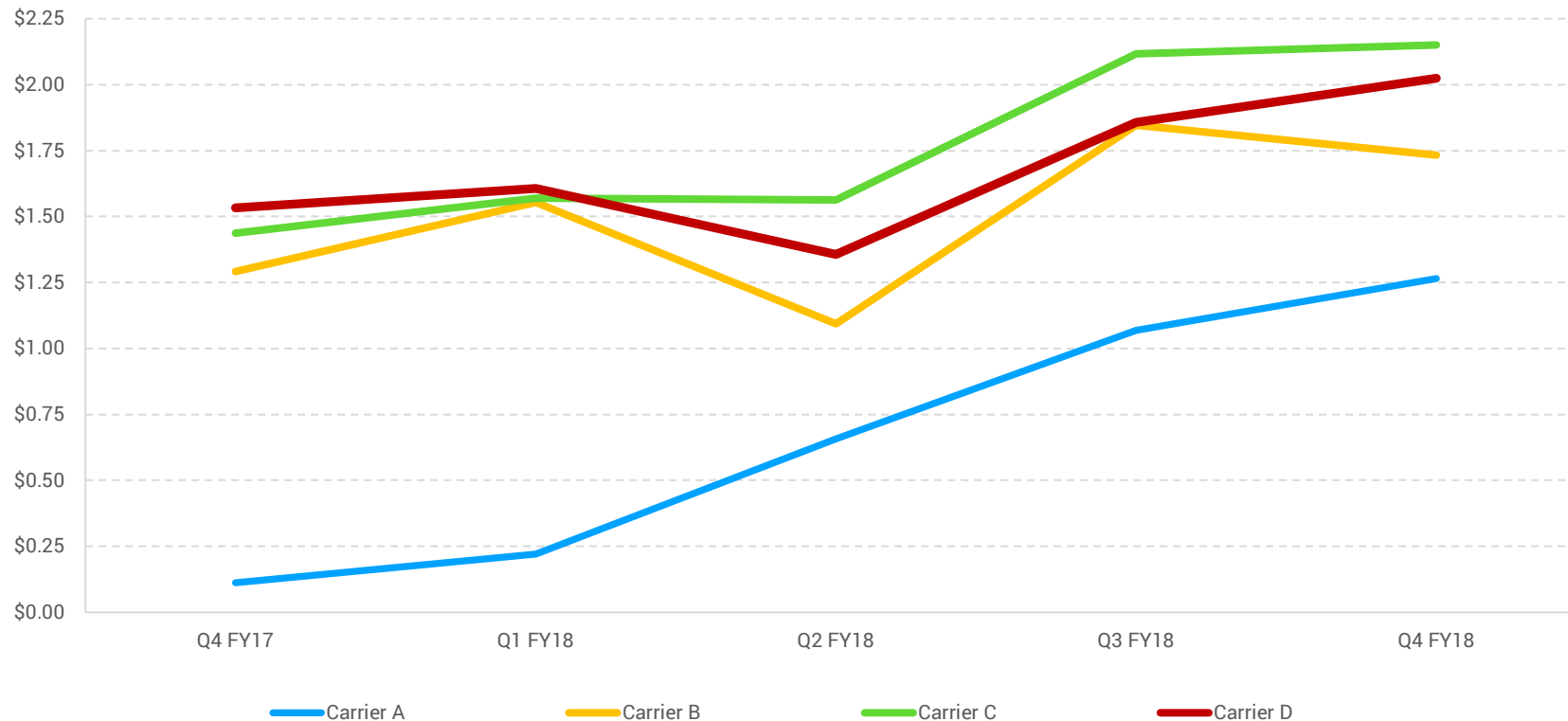


## ADVERTISER DEMAND

# Strong RPD Trajectory With Strategic Partners

Robust demand for unique home screen access drove **a 27% Y/Y increase in the average revenue-per-device** with U.S.-based partners in fiscal Q4

Revenue-Per-Device Trends with Leading U.S. Carrier Partners








## PLATFORM NETWORK EFFECTS

# Longer-Term Growth Targets

Multiple drivers of growth combine to create a **\$300m opportunity in 3-5 years**, representing an implied CAGR of 30-60%

	Current Annual Rate (TTM)			3-5 Year Growth Targets		
	U.S.	ROW	Total	U.S.	ROW	Total
 # of Annual New Devices	45 million	39 million	85 million	75 million	150 million	225 million
 RPD – Silent*	\$1.50	\$0.17	\$0.88	\$2.25	\$0.30	\$0.95
 RPD - Added Products	\$0.00	\$0.00	\$0.00	\$0.75	\$0.20	\$0.38
Total RPD	\$1.50	\$0.17	\$0.88	\$3.00	\$0.50	\$1.33
Total Annual Revenue	\$68 million	\$7 million	\$75 million	\$225 million	\$75 million	\$300 million
Android Market Share**			7%			17%

\* Silent revenue includes nominal revenue from other products in current view

\*\* Based on market data provided by Statista



## PLATFORM NETWORK EFFECTS

# Operating Model Leverage

*Revenue and gross profit increased 86% and 95%, respectively, in fiscal 2018 on gross margin expansion and operating expense growth of just 9%, highlighting the inherent operating leverage in the model*

	FY17	FY18	% Change Y/Y
Revenue	\$40.2	\$74.8	86%
Non-GAAP Gross Profit*	\$13.8	\$26.8	95%
Non-GAAP Gross Profit Margin	34%	36%	
GAAP Operating Expenses**	\$28.2	\$30.9	9%

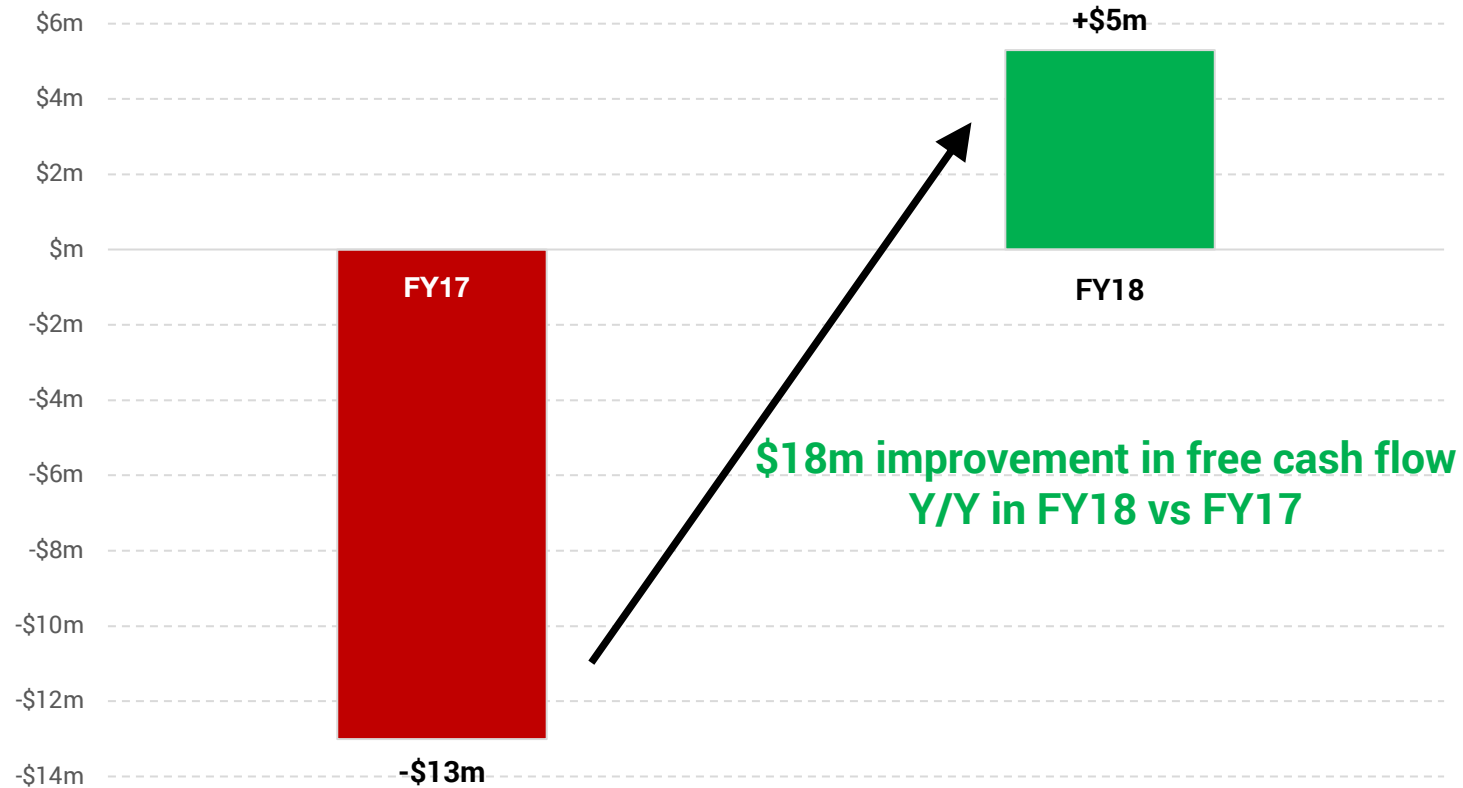
\*See Appendix for definition of Non-GAAP Gross Profit

\*\*In accordance with GAAP, no corporate overhead allocated to Discontinued Operations



# Positive Free Cash Flow\* Generation

*Improved profitability from the more scalable, more profitable core Mobile Delivery Platform business drives greater free cash flow generation*



\* See Appendix for definition of Non-GAAP Free Cash Flow



## Strengthened Balance Sheet

**Free Cash Flow of \$5 million** and conversion of convertible notes in FY18 resulted in a vastly improved balance sheet with **significantly higher cash and reduced leverage** at fiscal year end

(in millions)	March 31, 2017	March 31, 2018
Cash & Cash Equivalents	\$6.1	\$12.7
Net Working Capital*	(\$2.7)	\$1.4
Convertible Notes O/S (Face Value)	\$16.0	\$5.7
Other Debt (Face Value)	\$0.0	\$1.7
Net Cash/(Debt) Position	(\$9.9)	\$5.4

\*Working capital number excludes assets and liabilities held for disposal on the balance sheet

# Appendix: Non-GAAP Measures of Performance

- **Non-GAAP Gross Profit is** defined as GAAP gross profit adjusted to exclude the effect of the amortization of intangibles and depreciation of software.
- **Non-GAAP Free Cash Flow** is calculated as GAAP cash flow from continuing operations less capital expenditures.

**digital turbine.**

Thank you

Q&A

