

29 January 2020

Tremor International Ltd
(“Tremor” or the “Company”)

Trading Update
&
Notice of Results

Tremor International Ltd (AIM: TRMR), a global leader in video advertising technologies, provides an update on trading for the year ended 31 December 2019.

2019 was a transformational year for Tremor driven by the merger with RhythmOne plc (“RhythmOne”) in April. The transaction marked the shift in Tremor’s focus to video brand advertising, with the performance marketing element of the Company becoming minor in terms of top-line results and EBITDA. Tremor moved to centre stage in the video advertising (digital and CTV) arena as it continued to focus on Video, Data and CTV. Furthermore, the transaction created a business of significant scale, delivered substantial operational opportunities and established a platform from which the business can capitalise on the global growth in digital video advertising.

Following completion of the merger, the Board has been focused on the integration of RhythmOne and re-organising the business to concentrate on brand advertising and higher-margin activities. These activities helped to create a streamlined end-to-end and efficient solution as well as driving synergies in a relatively short period of time.

Tremor expects to report adjusted EBITDA for the full year ended 31 December 2019 in-line with expectations* at c. \$60 million. This was achieved on revenues of c. \$325 million, as a result of the actions described above. Tremor remains a highly cash generative business with a net cash position of over \$75 million as at 31 December 2019. This strong cash position was delivered post the \$25 million share buyback programme during 2019 and \$5 million of data pre-payments for 2020. The Board will continue to evaluate how best to deploy the Company’s cash reserves in order to optimise shareholder value.

With the integration of RhythmOne now complete, the Company’s combined offering is structured in two business units; Tremor Video (demand-side) and RhythmOne (the Exchange/supply-side). Private Marketplace capabilities and enhanced CTV solutions and partnerships have been launched. Further synergistic initiatives are planned in 2020, including the expansion of the Company’s Exchange into international markets. This initiative has been accelerated by the acquisition of Unruly, announced at the beginning of January 2020. In the current eco-system Tremor represents one of the largest platforms among independent players in the video space in the US and international markets.

Data differentiators are key to Tremor’s success and as part of this effort the Company renewed its exclusive agreement with Alphonso for TV retargeting for an additional two years. This partnership, in addition to others, is positioning Tremor as a leader in the managed video space in the US, and is directly in-line with the Company’s strategy to focus on the high-growth CTV arena.

The Video advertising division continued to trade well in the period, benefitting from the ongoing shift in digital advertising spend to video. Furthermore, the consolidation of RhythmOne’s and Tremor’s operational systems such as Salesforce, consolidation of DSPs, and shifting of media buying to Tremor’s Exchange also positively affected trading in this period. The performance division is now a minor contributor to Tremor’s future trading. Table 1 below depicts the revenue split between branding and performance divisions on a quarterly basis over the past two financial years.

The Media division, RhythmOne, is also placing an emphasis on Video media and CTV, enabling Tremor to offer an end-to-end solution to both advertisers and publishers. The growth of the Company’s publisher base, considered one of the largest in the US in Video, has accelerated with the acquisition of Unruly.

Tremor completed the acquisition of Unruly from News Corp in January 2020, which will enable the expansion of the Company’s global footprint, diversify its premium publisher base and allow it to leverage Unruly’s relationship with tier 1 brands including P&G, Unilever and American Express. In addition, Tremor entered into a new global partnership with News Corp that has equipped the Company with the exclusive right to sell outstream video on more than 50 News Corp titles in the UK, US and Australia.

The board remains confident in the outlook for Tremor in 2020 and beyond.

The Company expects to report its results for the year ended 31 December 2019 on Tuesday, 31 March 2020 and will be hosting a Capital Markets event for institutional investors and sell-side analysts on Friday, 3 April 2020.

Table 1: Revenue Split Between Divisions, 2018 Quarterly Numbers (prior to RhythmOne acquisition) versus 2019

Millions USD

	Q1	Q2	Q3	Q4	FY2019
Branding					
Gross Revenues	28	84	77	98	287
Intercompany Revenues	0	-9	-10	-19	-38
Revenues less intercompany	28	75	67	79	249
Change vs 2018	-15%	92%	91%	103%	71%
Performance					
Revenues	18	24	19	16	77
Change vs 2018	-56%	-25%	-39%	-41%	-41%
Total	46	99	86	95	326
Change vs 2018	-38%	39%	30%	44%	18%
Branding					
Revenues	33	39	35	39	146
Performance					
Revenues	41	32	31	27	131
Total	74	71	66	66	277

*Analyst research is available on the finnCap research portal: <https://researchlibrary.finnCap.com/>

All numbers disclosed within this announcement are estimated and not audited. Audited numbers will be provided with the release of the financial reports.

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The information contained within this announcement is deemed by the Company to constitute inside information stipulated under the Market Abuse Regulation (EU) No. 596/2014.

About Tremor International

Tremor International Ltd is a global leader in advertising technologies, it has three core divisions: Tremor Video (brand advertising), RhythmOne (media) and Taptica (performance advertising).

Tremor Video helps advertisers deliver impactful brand stories across all screens through the power of creative video intelligence — innovative video technology combined with advanced audience data and captivating creative. Tremor Video is one of the largest and most innovative video advertising companies in North America, with offerings in CTV, in stream, in-app and private marketplaces.

RhythmOne drives real business outcomes in multiscreen advertising. Its highly ranked programmatic platform efficiently and effectively delivers performance, quality, and actionable data to demand and supply-focused clients and partners.

Tremor International Ltd is headquartered in Israel and maintains offices throughout the US and Canada, Asia-Pacific, Europe, India and Latin America, and is traded on the London Stock Exchange (AIM: TRMR).

Glossary

CTV	Connected Television: Video content consumed on a TV screen, delivered via an internet connection. This includes TVs directly connected to the internet (Smart TV), as well as hardware that enables a TV to become connected, such as dongles, games consoles and set-top boxes.
SSP	Supply-side Platform: An advertising technology platform which represents the suppliers of online ads (publishers). SSPs give publishers the ability to increase their website advertising revenues by engaging with multiple demand-side channels (Ad Networks, Ad Exchanges and DSP's) through a single vendor.
DSP	Demand-side Platform: An advertising technology platform which allows marketers to manage their online media campaigns by facilitating the buying of auction-based display media and audience data across multiple inventory and data suppliers in a centralised management platform.
Exchange	Ad Exchange: Online, often highly automated auction-based marketplaces that facilitate the buying and selling of inventory across multiple parties ranging from advertisers, direct publishers, ad networks and Demand Side Platforms.
PMP	Private Marketplace Packages: Private Marketplaces are invitation only marketplaces where publishers offer their ad inventory to a selected group of advertisers.