

Ad Spend Forecast

Quarter 3 2016

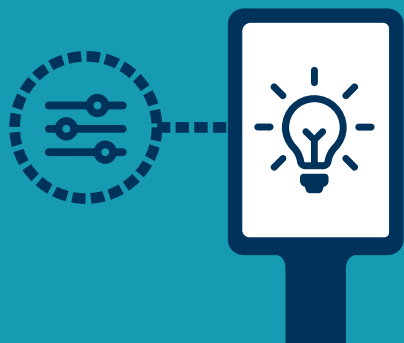


Despite a slight decline due to volatility in some markets, the positive momentum of the global advertising spend is expected to continue into 2017.

**Global Ad Spend
forecast to increase***

4.5%
in 2017

Media



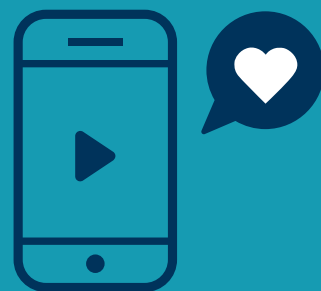
OOH

According to Magna Global, OOH ad sales grew by +4.6% in 2015, driven by the organic growth of digital panels (+15%), which offer more flexible placement opportunities. As OOH benefits from cyclical events, a similar growth of +3.2% is expected in 2016.

Digital

Overall, Magna Global predicts that Digital media spend will surpass TV globally by 2017. Carat confirms that the continued growth of Digital, the leading medium in 13 out of 59 markets monitored in 2016, is fuelled by Mobile, Online Video and Social Media.

Looking at internet ad spend by device, ZenithOptimedia's figures forecast a dramatic growth in mobile advertising with an average annual increase rate of 36% per year between 2015 and 2018.



36%
Growth

All Media

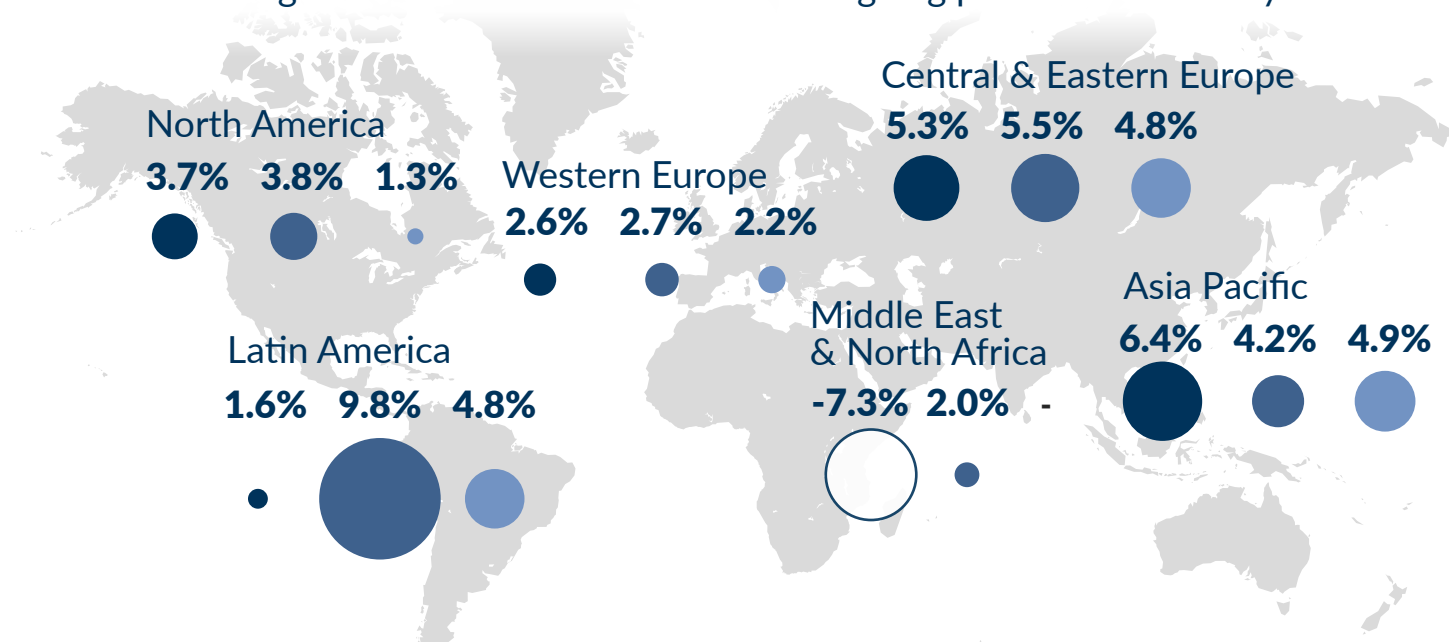
Excluding print, Carat's forecasts reconfirm year-on-year growth for all other media in 2016, highlighting growth in Cinema (+4.5%), Radio (+2.4%) and OOH (+3.5%), which maintains a stable share of spend of 6.9%. Overall, predictions for all media were revised slightly down for 2017.

		ZenithOptimedia	CARAT	Magna Global
All Media	2015 v 2016	4.4%	4.4%	5.4%
	2016 v 2017	4.5%	4.0%	3.1%
Outdoor	2015 v 2016	2.9%	3.5%	3.8%
	2016 v 2017	2.8%	3.4%	3.4%
Digital	2015 v 2016	16.1%	15.6%	14.8%
	2016 v 2017	12.9%	13.6%	12.4%

Region

From a regional perspective, MENA is the underperformer, and Asia the outperformer. The other Blocs vary in spend growth from barely growing (Latin America) to healthily expanding (Eastern Europe & Central Asia).*

On the LATAM region, the latest growth forecasts have been affected mainly by the economic challenges Brazil continues to face with ongoing political uncertainty.**



Top Five Advertising
Markets Forecast to Remain
Stable Between 2015-2018

1
USA

2
China

3
Japan

4
UK

5
Germany



North America continues positive momentum

North America is ahead of Western & Central Europe again. Digital spend growth of +16.7% in 2016 continues its upward trajectory with Video (+50%), Mobile (+49%) and Social Media (+45%) leading the way.**

Western Europe keeps up with moderate growth

Markets showing the highest growth predictions this year include the UK (+5.4%), Ireland (+7.5%), Sweden (+6.4%), Spain (+5.0%), as well as recovering Greece (+4.2%).**



Middle East & North Africa are declining

The drop in oil prices in 2014 has had a severe effect on the economies in MENA. ZenithOptimedia forecasts an 11.8% drop this year, followed by further declines of 7.3% in 2017.

Asia Pacific's fast growth meets a slowdown

China accounts for 74% of ad spend in Asia, so its slowdown naturally has a large effect on the region as a whole.*



Sources:

* ZenithOptimedia Ad spend Forecast, September 2016

** Carat Ad Spend Report, September 2016

*** Magna Intelligence, June 2016