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HbbTV TA in action: The final breakthrough

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Looking back: Evolution of the HbbTV advertising business

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The evolution of targeted advertising via HbbTV

HBBTV EVOLUTION IN EUROPE

2010 Predominant usage for content services and applications

2015 Substantial increase in usage for advertising products

2020 Significant HbbTV penetration and usage of advertising products across major European markets (e.g. DE, ES, IT)

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The TV advertising business is under pressure

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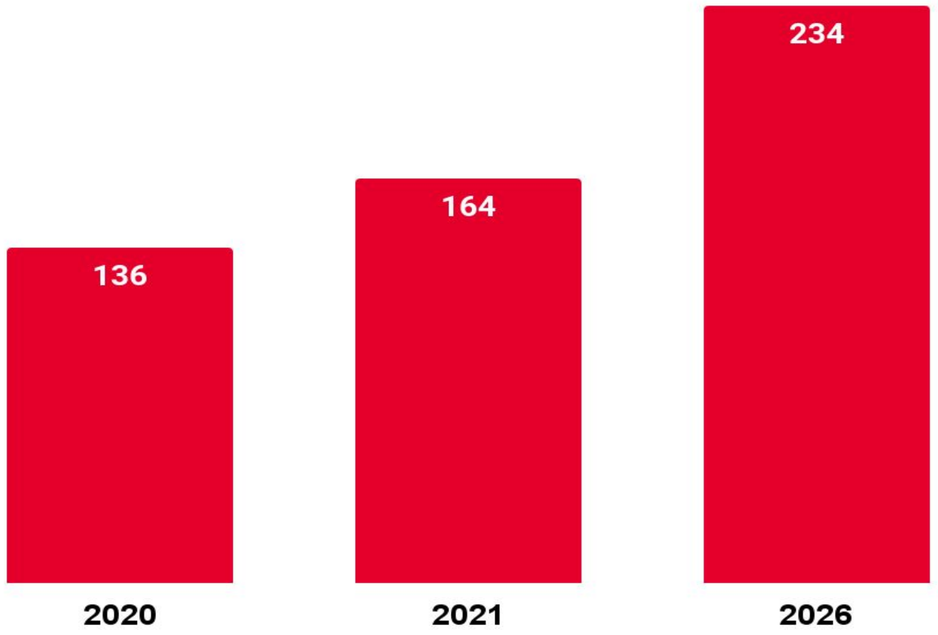
Change in consumption

+72% VoD subscribers

VOD SUBSCRIBERS WESTERN EUROPE

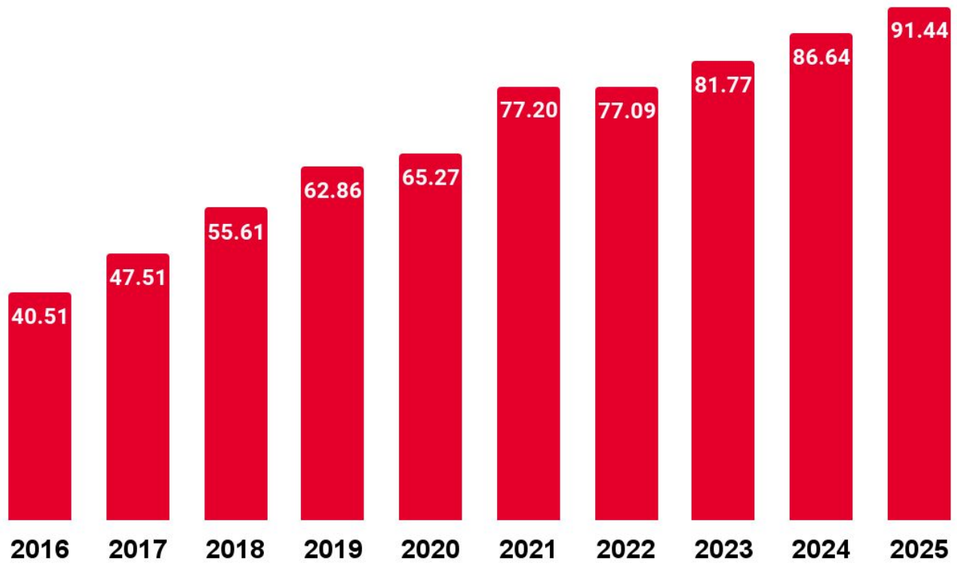
(in million)



Sources: Magna Global; S&P Global Market Intelligence

DIGITAL AD SPEND WESTERN EUROPE

(bn $)



Sources: Magna Global; S&P Global Market Intelligence

80% of all new online advertising revenues go to Google and Facebook

Source: European Commission

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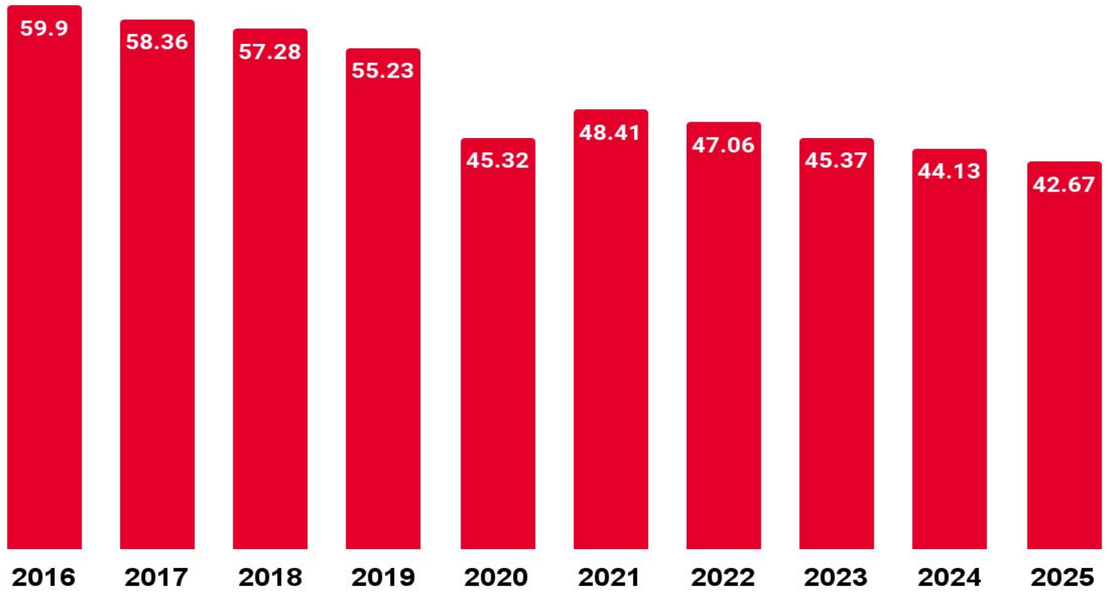
Decline in ad budgets

-39% TV ad budgets

LINEAR TV BUDGETS WESTERN EUROPE

(bn $)



Sources: Magna Global; S&P Global Market Intelligence

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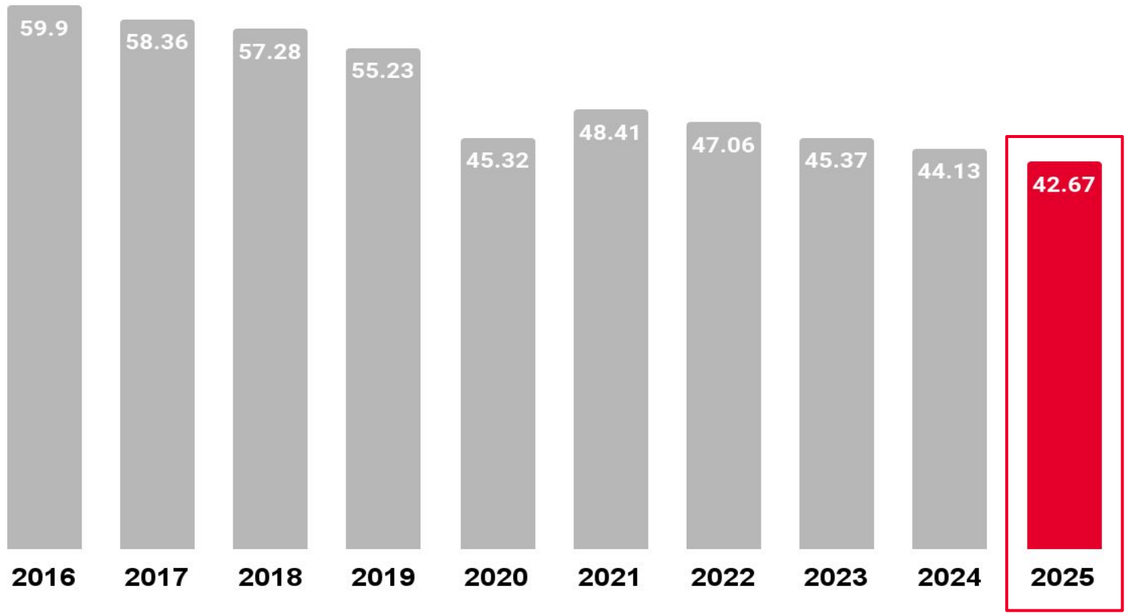
TV is still a multi-billion dollar market!

LINEAR TV BUDGETS WESTERN EUROPE

(bn $)



Sources: Magna Global; S&P Global Market Intelligence

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The TV ad business needs to go digital

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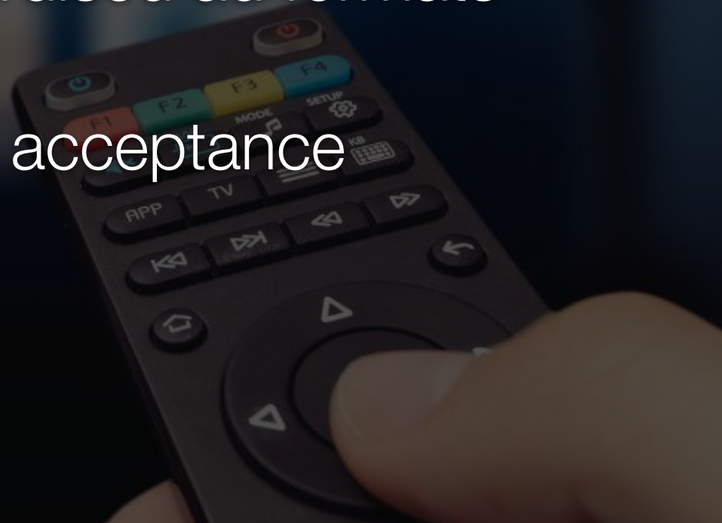
Necessary factors for a successful transformation of the TV business towards digital

- ✓ Scalability
- ✓ Reasonable tech set-up
- ✓ Standardised ad formats
- ✓ Market acceptance



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2016

Display ads: Kick-off for a multi-million euro business

- All HbbTV versions
- Easy integration
- Several display formats
- Scepticism at first

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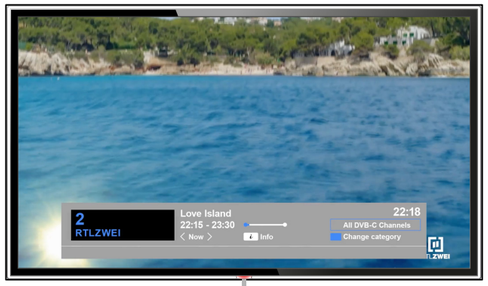
2018

Concept of pre-roll for TV

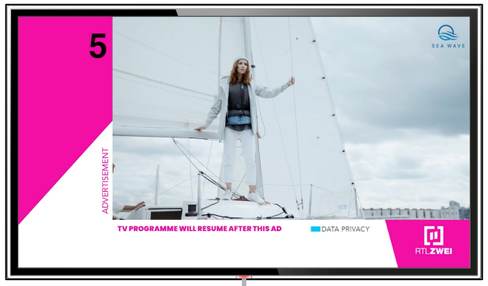
- All HbbTV versions
- Easy integration
- Full-screen video
- Overlay of TV content

SWITCH-IN SPOT

1. **Switch TV Channel**



2. **Ad Insertion after 3 sec.**



3. **TV Program will continue**

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2019

Single ad substitution

– Requirement of custom ad placements in addition to standard ad break

– Start landing zones are required

→ Limited reach and scalability

SINGLE SPOT

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The arrival of the addressable TV ad break

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2020: First time replacing ads within TV ad break. The ATV Spot.

Broadcast

Ad Server Delivered

Start Zone (3-5s)

UNSOLD INVENTORY

Landing Zone (3-5s)

Substitution

Full ad break replacement

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Status quo of the addressable TV ad break

- Complex and custom integration into broadcaster infrastructure
- Start/landing zones are required
- No frame accuracy
- Full ad break has to be replaced and delivered via ad server

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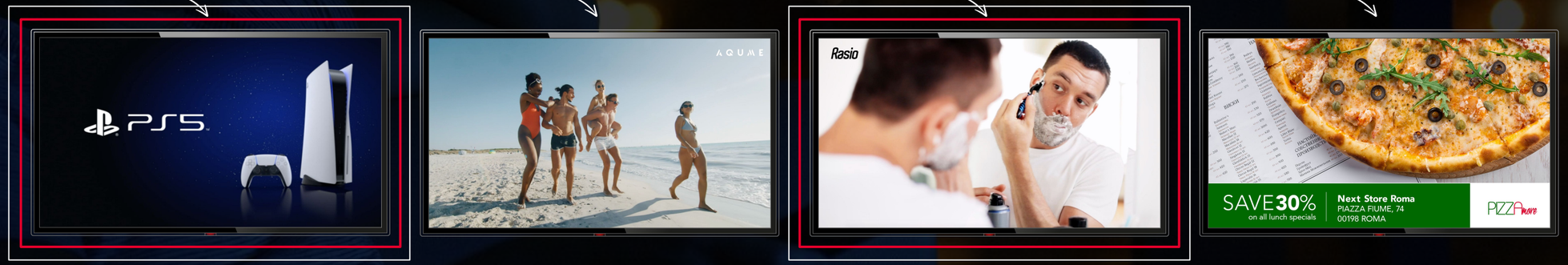
2021/2022: With HbbTV TA we create seamless addressability of the TV ad break

Broadcast

UNSOLD INVENTORY | BROADCAST | TARGET GROUP | BROADCAST

HbbTV TA



Substitution
Ad Server Delivered

Substitution
Ad Server Delivered

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HbbTV TA offers a reliable solution for fully flexible ad substitution

- Frame accuracy through TEMI timeline support
- Flexible substitution of any number of placements within an break
- Only substituted placements are delivered via ad server
- Reliable standard through agreements between BCs and OEMs

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Broadcasters and TV manufacturers are collaborating to bring HbbTV TA to market.

Breaking News
from today

RTL partners with Panasonic

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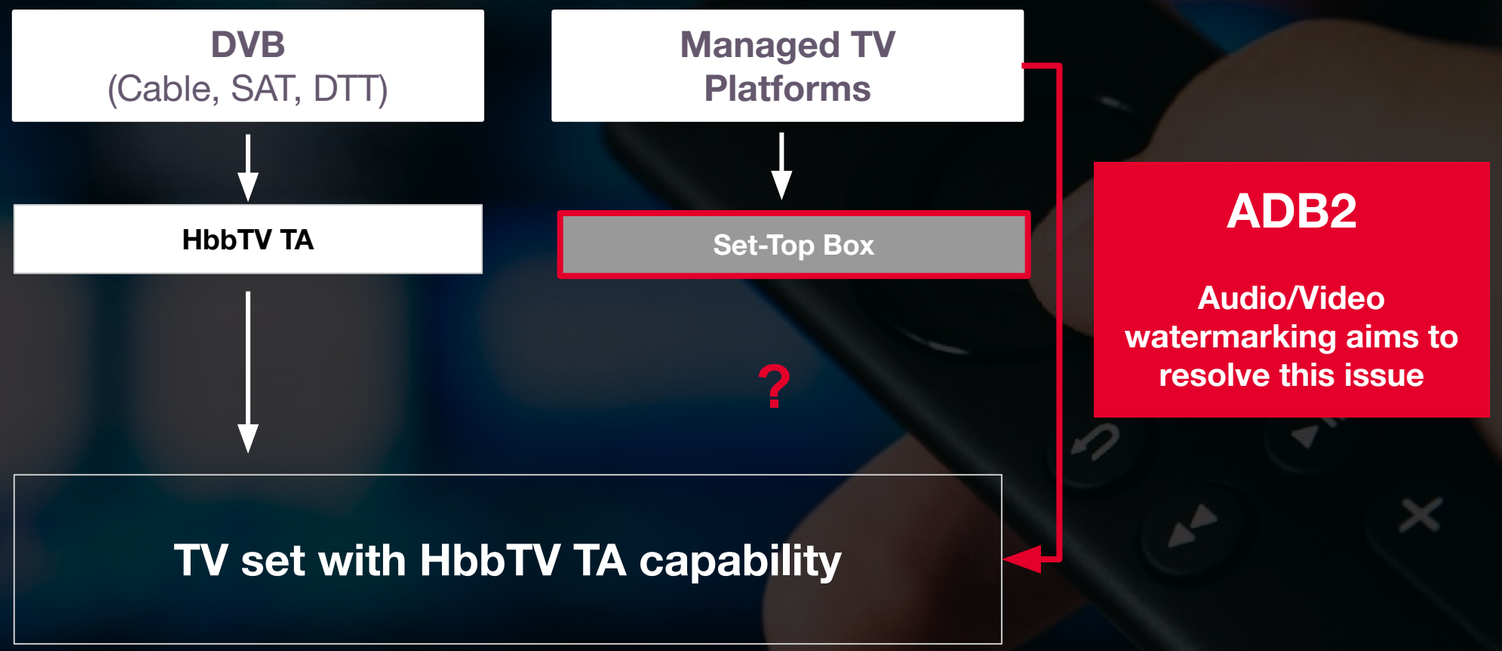
In many markets, broadcasters still face limitations due to low DVB penetration and strong operator influence



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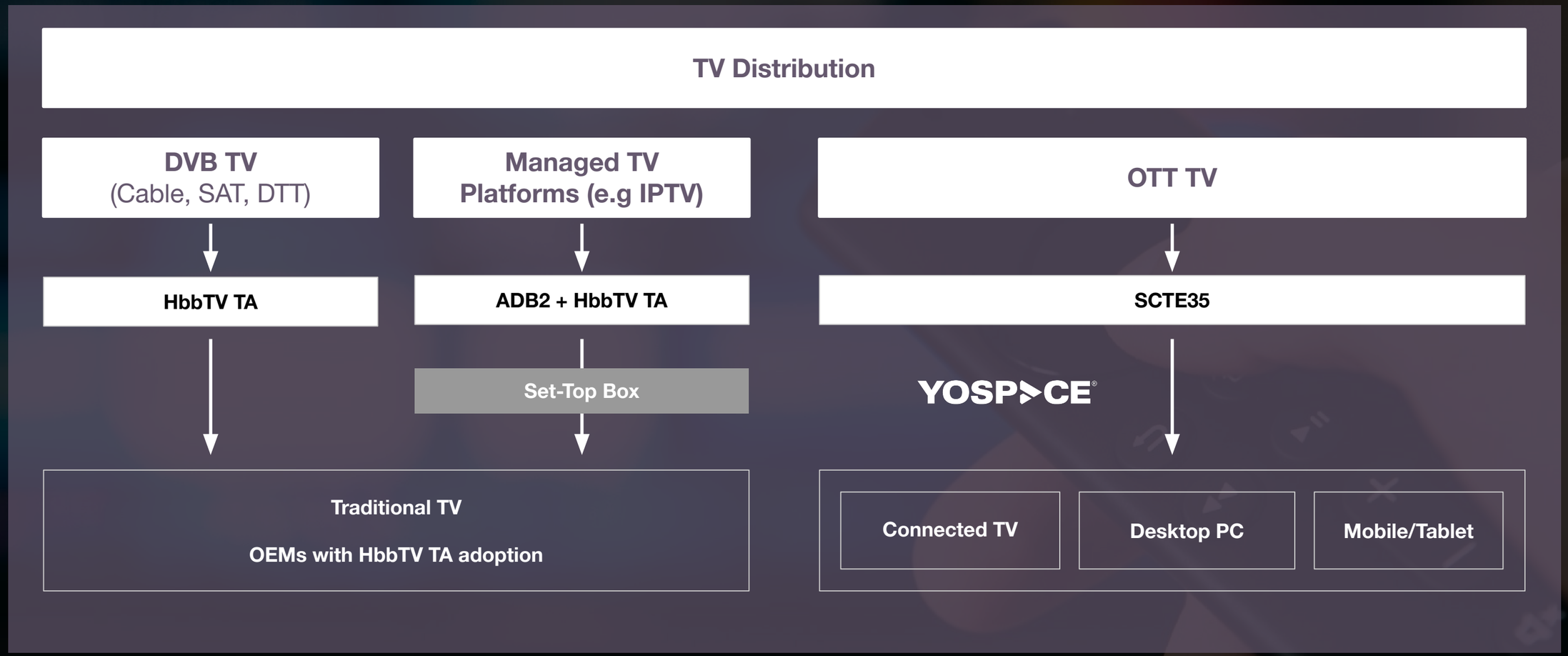
HbbTV TA + ADB2 are important milestones in holistic addressability across all platforms and devices - but also watch out for OTT!



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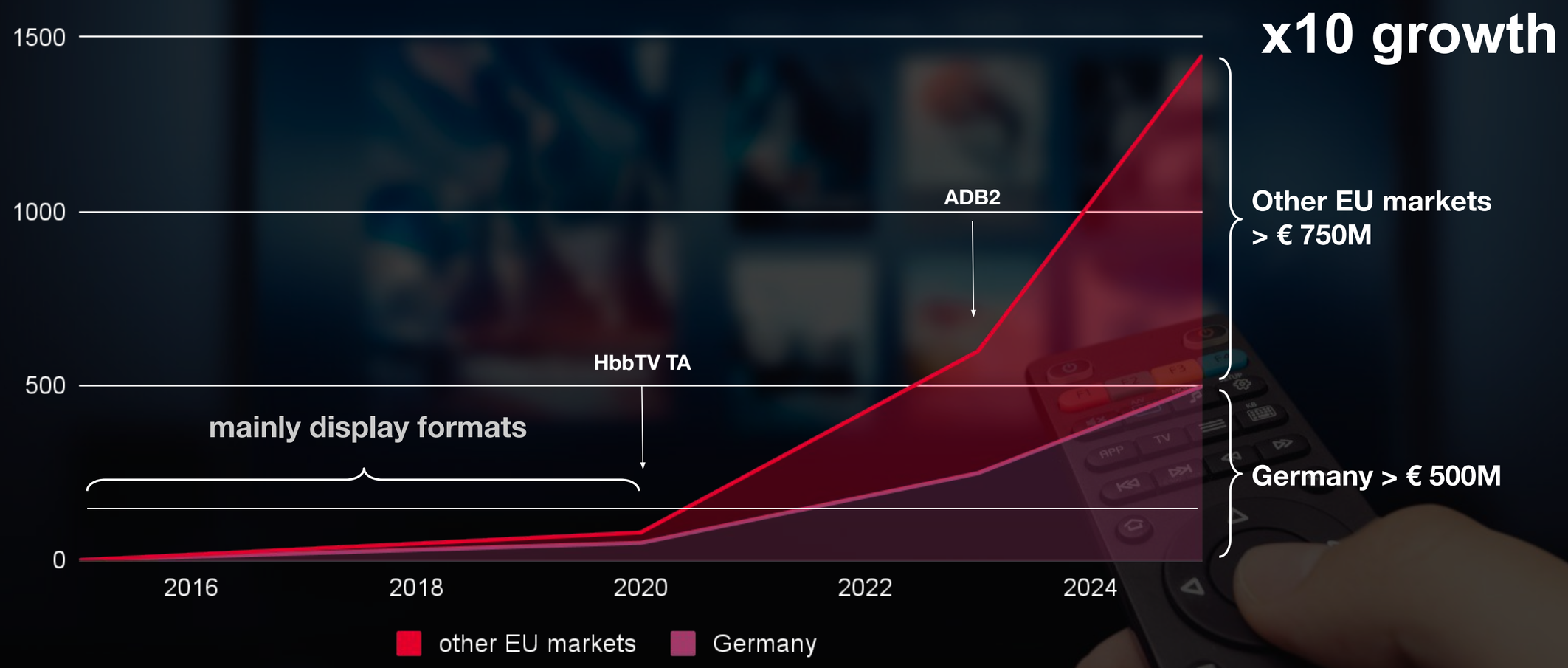
The current HbbTV advertising market is worth €50-100M and will grow by 10 times in the next 5 years - WE ARE SET TO TAKE OFF.



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