



# Affle (India) Limited

## Q4 & 12M FY2020 Earnings Presentation

For the period ended March 31, 2020

Consumer Intelligence Driven Global Technology Company



★ **15 years**  
Track Record

★ **Differentiated**  
Business Model

★ **Scalable**  
Data Platforms

★ **Deep**  
Tech Assets

★ **Accelerated**  
Consumer Adoption

★ **Sustainable**  
Growth Strategy

★ **High**  
Growth Markets

★ **Global**  
Reach & Opportunity

★ **Leading**  
In India

★ **Credible**  
Customer Base

★ **Committed**  
Leadership

★ **Robust**  
Profitability

★ **Strong**  
Cashflows

★ **High**  
Return Ratios

★ **Positive**  
Net Cash

# COVID-19 | Affle's Response & Outlook

3Cs Macro Factors	<p>CONSUMERS</p> 	<p>CUSTOMERS / ADVERTISERS</p> 	<p>COMPETITORS</p> 
<p>Immediate Impact</p>	<ul style="list-style-type: none"> <li>▪ Mobile usage and screen time up multiple folds due to work from home/lockdowns</li> <li>▪ Volume of internet traffic, impressions and clicks considerably increased</li> <li>▪ % transactions on mobile significantly up</li> </ul>	<ul style="list-style-type: none"> <li>▪ Due to lockdown restrictions on e-commerce and online delivery in India, Affle is impacted for the short-term</li> <li>▪ But for other geographies where lockdowns were not so strict, e-commerce has thrived</li> <li>▪ Our industry verticals except (hospitality - travel &amp; transport) are Covid-19 resilient</li> </ul>	<ul style="list-style-type: none"> <li>▪ Advertisers' demand for ROI driven CPCU up as compared to pure CPC/CPM models</li> <li>▪ But not all competitors are technologically tuned to deliver deep conversions</li> </ul>
<p>Business Outlook</p>	<ul style="list-style-type: none"> <li>▪ Affle's ability to buy inventory (impressions &amp; clicks) at a lower cost up in this period</li> <li>▪ Adoption curve of consumers becoming online shoppers to shorten and mobile conversions and transactions would increase</li> </ul>	<ul style="list-style-type: none"> <li>▪ New opportunity in 2 areas: 1) Customers need to monetize existing digital assets 2) Customers must invest to be digitally ready</li> <li>▪ Affle to license its technology on Platform-as-a-Service (PaaS) model to enable greater digital readiness and monetization</li> </ul>	<ul style="list-style-type: none"> <li>▪ Affle to gain the market share vs. competitors, as select competitors will find it difficult to negotiate this interim period</li> <li>▪ Affle to gain the market share through careful strategic investments and acquisitions.</li> </ul>

# COVID-19 | Affle's Response & Outlook

3Cs Micro Factors	COLLABORATION 	CASH FLOWS 	CONSOLIDATION 
<b>Immediate Response</b>	<ul style="list-style-type: none"> <li>Our SEA offices started transitioning to work from home in early-Feb 2020</li> <li>Our India offices started transitioning to work from home around mid-Feb 2020</li> <li>100% employees remotely working much before any lockdown restrictions by govt.</li> <li>Business Continuity Plan in place to ensure effectiveness of our systems/people globally</li> </ul>	<ul style="list-style-type: none"> <li>Our customer base is mostly large enterprises with good credit ratings</li> <li>Continuing our cash flow positive operations</li> <li>Optimized fixed costs: 1) New hiring freeze; 2) Appraisals postponed; 3) Office Rentals renegotiated; 4) Travel cost is negligible</li> <li>But no cuts in jobs, salaries or pre-agreed bonuses for any employee</li> </ul>	<ul style="list-style-type: none"> <li>Linked to earlier C - Competitors (Macro Factor) most of the competitors don't have strong balance sheets or profit margins to tide through the tough phase</li> <li>Affle should find some credible opportunities for strategic consolidation</li> </ul>
<b>Business Outlook</b>	<ul style="list-style-type: none"> <li>Going deeper globally leveraging our scalable tech infrastructure</li> <li>With customer interactions happening on video calls, we are able to sell even in geographies where we do not have on-ground teams</li> </ul>	<ul style="list-style-type: none"> <li>Naturally hedged in currency terms as around 50% - 50% business is in INR and USD</li> <li>Ability to delay payments and balance any delays in collections (if needed)</li> </ul>	<ul style="list-style-type: none"> <li>Will continue to pursue strategic investments and consolidation activities backed by our strong balance sheet</li> </ul>

# COVID-19 | Top 10 Resilient Verticals

## Category E



E-commerce  
Entertainment | EdTech

## Category F



Fintech | Foodtech | FMCG

## Category G



Gaming | Groceries | Government

## Category H



Healthtech

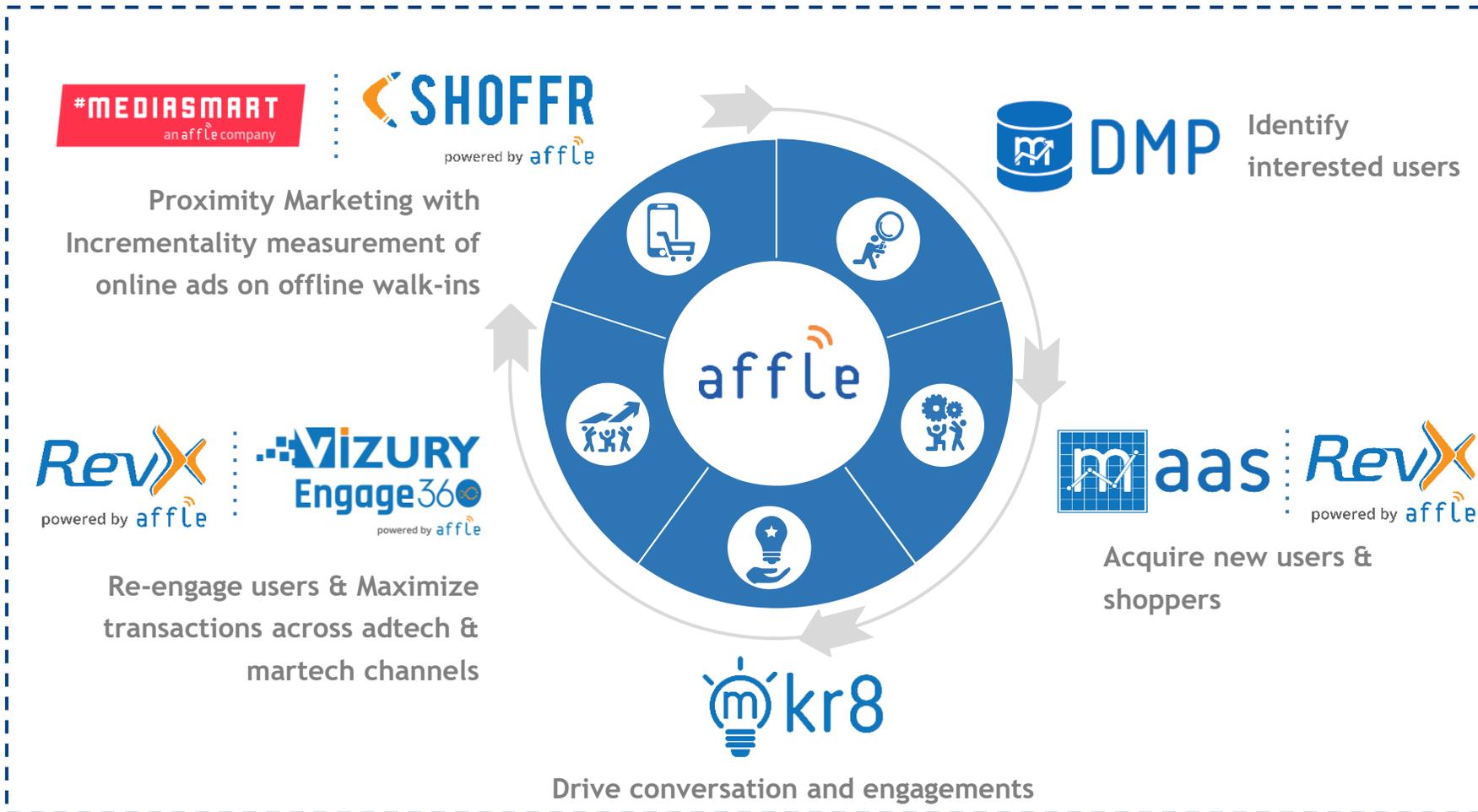


## Categories E | F | G | H

Top 10 verticals  
contributed over **74%**  
revenue for FY2020 and  
over **76%** for Q4 FY2020



# Affle | Tech & Innovation powered growth



## Platform-as-a-Service (PaaS) Model

Affle is commercially ready to license the PaaS technology to the customers, which will complement our CPCU business and has a zero-cannibalization factor

## Mediasmart Acquisition

Self-serve mobile proximity platform. Strengthens our omnichannel capabilities to enable marketers in driving incremental online & offline conversions. Has the perfect team, culture and tech for Affle to build greater strategic presence across developed markets

PaaS to provide further impetus to bottom line growth

# Affle | Performance Highlights

	Revenue <sup>1</sup> Growth	EBITDA <sup>2</sup> Growth	PAT Growth	*Region-wise Revenue Growth (y-o-y)	
<b>FY2020</b>	<i>12M FY2020 vs. 12M FY2019</i> <b>Up 33.8%</b> Y-o-Y	<b>Up 26.3%</b> Y-o-Y	<b>Up 34.2%</b> Y-o-Y	<b>India</b> <b>45.3%</b> 	<b>International</b> <b>23.6%</b> 
<b>Q4 FY2020</b>	<i>Q4 FY2020 vs. Q4 FY2019</i> <b>Up 32.3%</b> Y-o-Y	<b>Up 5.1%</b> Y-o-Y	<b>Up 5.7%</b> Y-o-Y	<b>37.9%</b> 	<b>26.5%</b> 

**Operating Cash Flow of Rs. 730 mn in FY2020; 52.8% growth from Rs. 478 mn in last year**

Note: 1) Revenue from Operations; 2) EBITDA adjusted for Rs. 9.37 mn of creditors written back in Q4 & 12M FY2020

\* Region-wise growth and is different from the billing entity-wise segmental break-up disclosed in financial results

# Management Perspective

Commenting on the results, Anuj Khanna Sohum - Chairman, Managing Director & Chief Executive Officer said:



**“Built to Last!** This is what best describes the fundamental DNA of our Company. Since 2005, Affle has successfully navigated several industry/technological changes by focusing on our strategic vision and financial fundamentals, ably guided by a committed leadership team. We began FY2020 with the 4V strategic initiatives aimed to strengthen our data & technology platforms, omnichannel products and IP. Our record-breaking public listing has strengthened our market leadership position in India. Affle achieved momentous progress across all the fronts in FY20 and we are stronger than ever before to face the tough macroeconomic factors including the COVID-19 pandemic.

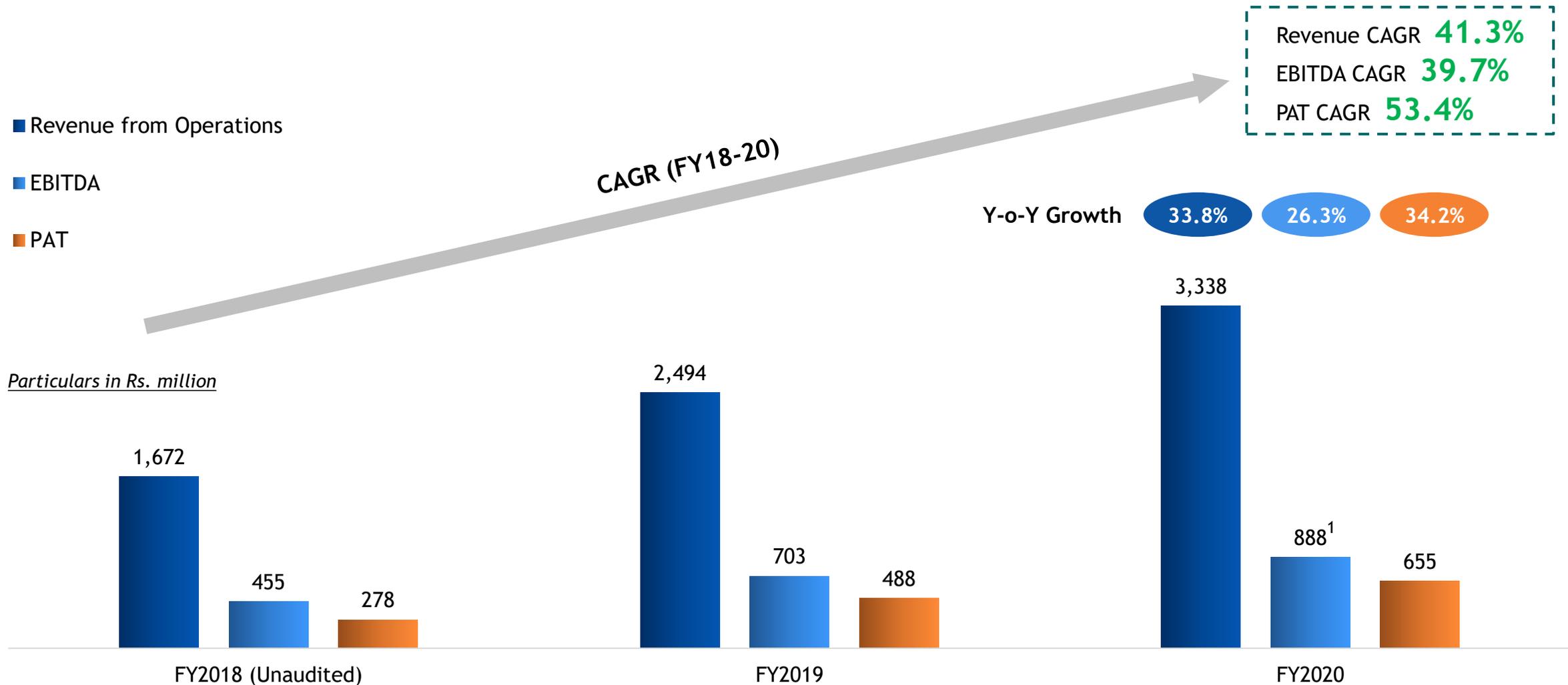
Covid-19 pandemic impacted the growth momentum during the latter half of Q4 FY2020 across SEA and towards the end of March in India. Affle continued its growth trajectory to reach Revenue from Operations of Rs. 800 million in Q4 FY2020. This helped us close the year with a Revenue growth of 33.8% y-o-y and a significant PAT growth of 34.2% y-o-y. This growth has been broad-based coming from both existing and new customers, contributed by consistent growth in advertiser spends across industry verticals and across India & Other Emerging Markets. India which is our dominant market is growing much faster than the average industry growth in digital advertising, where for FY2020 India registered a revenue growth of 45.3%<sup>1</sup> y-o-y. Our international business increased at 23.6%<sup>1</sup> y-o-y in FY2020.

I am also extremely proud of all Afflers who have been working with a marathon mindset giving 120% productivity, following Client-First & Happy-Customer approach while 100% working remotely from our 300+ home offices. Affle has been highly responsive in ensuring its employees safety as we started working from home much before any lockdown restrictions were imposed by various governments.

Looking forward, organizations globally are realizing an urgent need of expanding their digital footprint and realizing that engaging consumers for conversions on mobile is NOT discretionary. While the times are uncertain, we remain confident of the long-term business prospects and are well positioned to navigate ahead to gain further market share. Affle remains committed to deliver new innovations and leverage capabilities to drive sustainable growth, while looking to invest in credible consolidation opportunities that shall enhance value for all our stakeholders.”

1) Region-wise growth

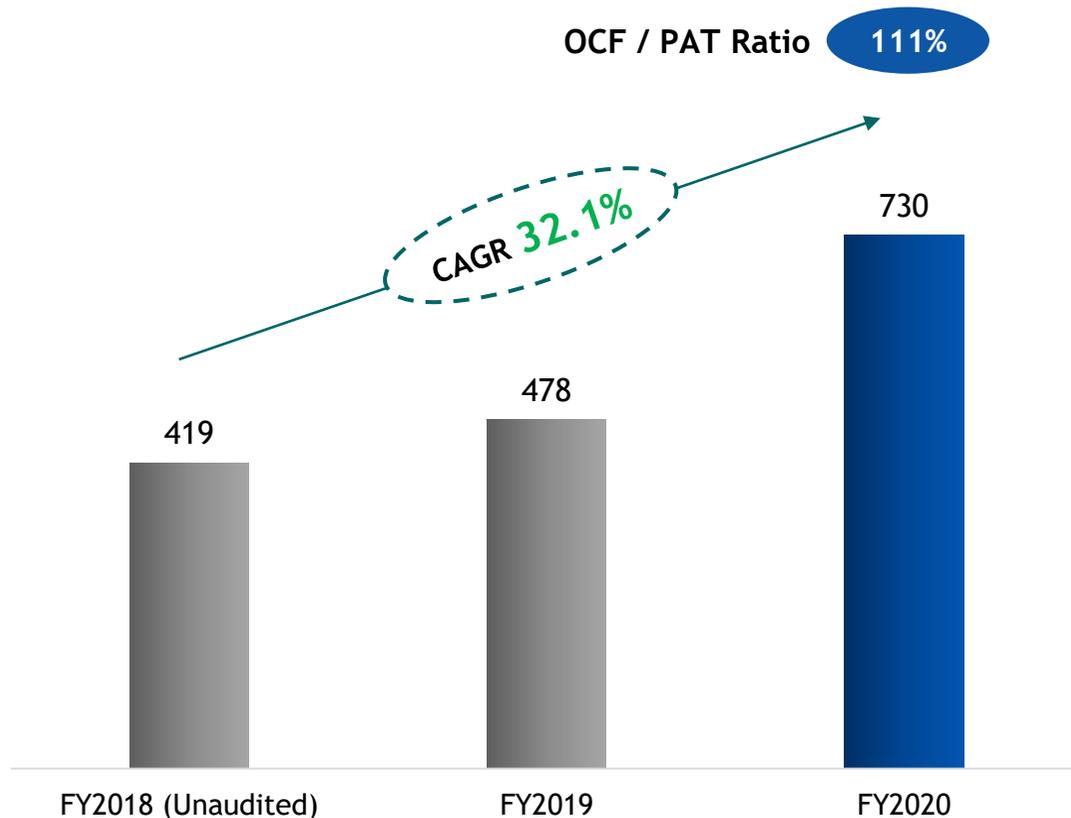
# Annual Performance Trend (Consolidated)



Note: 1) EBITDA adjusted for Rs. 9.37 mn of creditors written back in Q4 & 12M FY2020

# Cashflows Trend and Return Ratios (Consolidated)

## Operating Cash Flows (Rs. mn)



## Return Ratios (As of March 31, 2020)

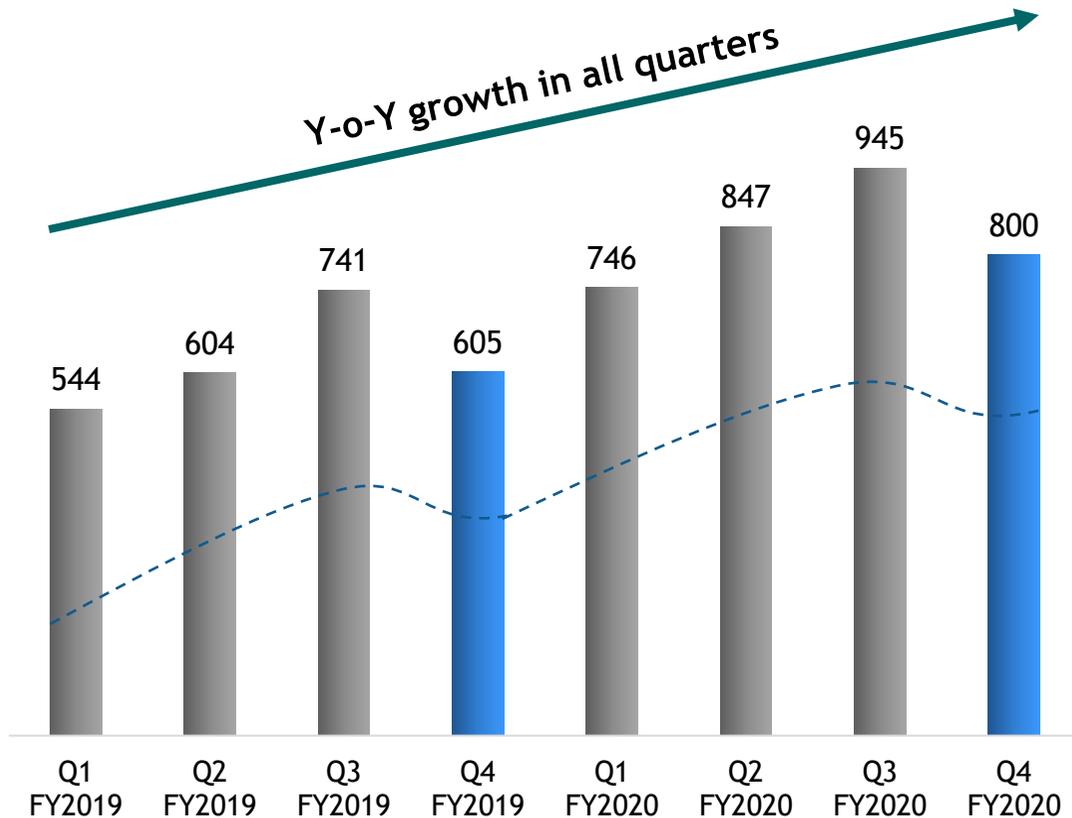
*Key Ratios	Balance Sheet Adjusted for Net IPO Proceeds <sup>1</sup>	Non-adjusted for IPO Proceeds
ROE (%) (Return on Equity)	45.7%	28.6%
ROCE <sup>2</sup> (%) (Return on Capital Employed)	36.9% <sup>2</sup>	27.7% <sup>2</sup>
ROA (%) (Return on Assets)	19.7%	16.4%
Gross Debt/Equity (x)	0.44x	0.28x

Note: 1) [Rs. 857.64 mn of Net IPO proceeds, the FD interest earned on Net IPO proceeds, Rs. 1.55 mn of IPO Advances, and IPO proceeds utilized] are adjusted in Balance Sheet numbers to calculate the return ratios; 2) EBIT adjusted for Rs. 9.37 mn of creditors written back in Q4 & 12M FY2020

\*Key Ratios: Return on Equity = (PAT / Total Shareholder's Equity); Return on Capital Employed = [EBIT / (Total Assets - Current Liabilities)] and Return on Assets = (PAT / Total Assets)

# Quarterly Performance Trend (Consolidated)

## Revenue from Operations (Rs. mn)



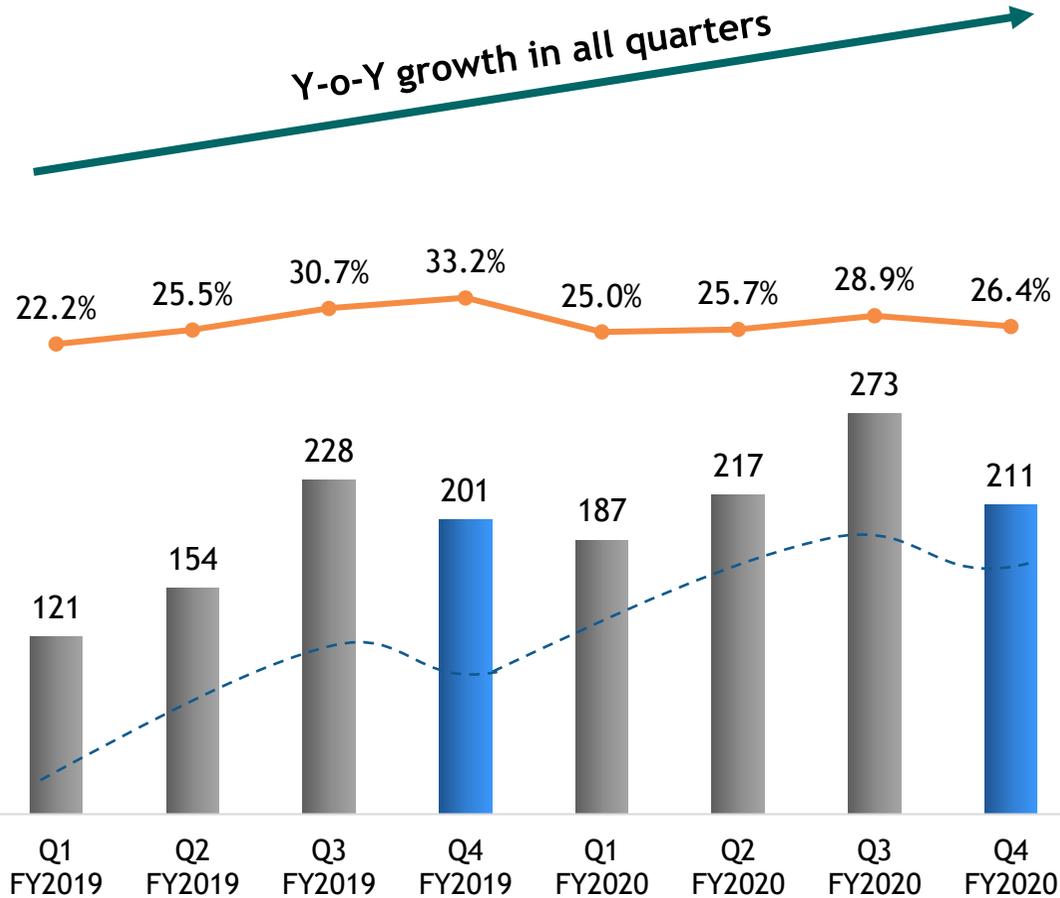
Note: On account of business seasonality, Q3 is typically the highest quarter in an year

## Performance Discussion (Q4 FY2020)

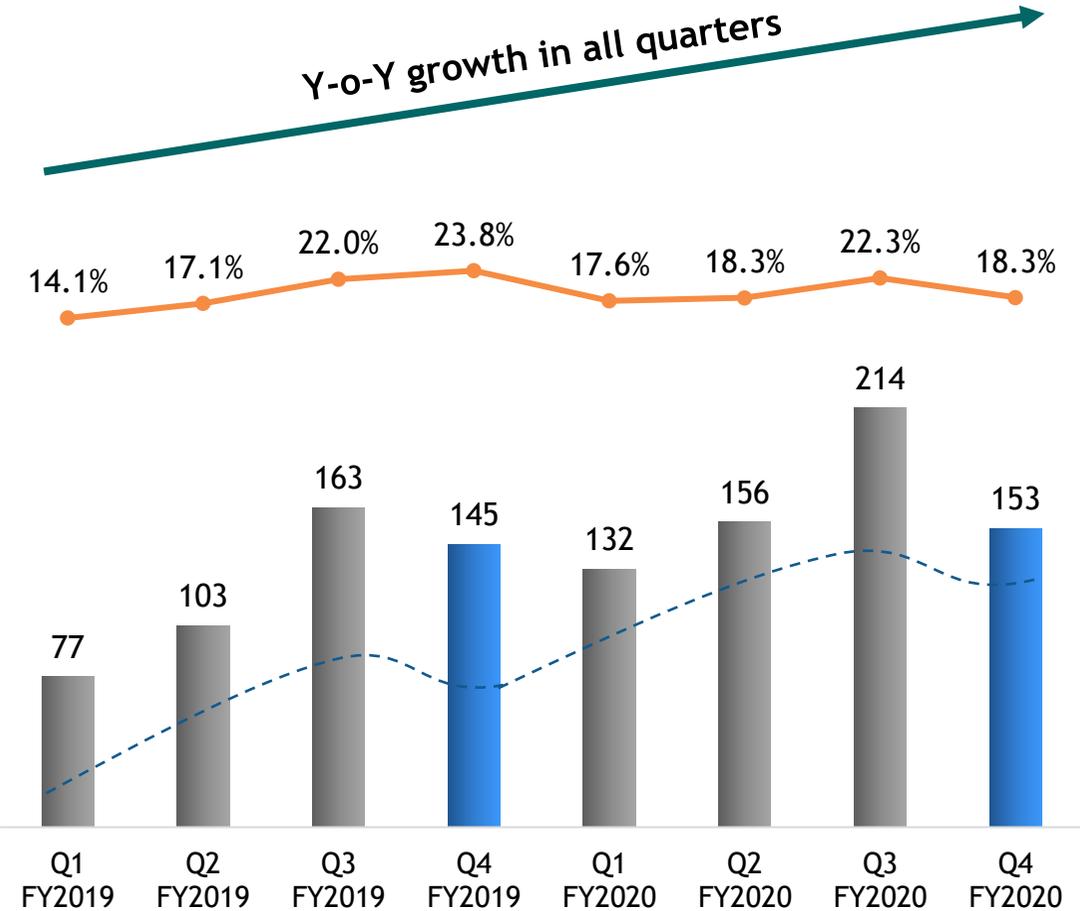
- Revenue increased by 32.3% y-o-y, driven by broad-based growth across both: 1) Total converted users (CPCU business), and 2) Non-CPCU business
- Growth in CPCU business came from both existing and new customers, across the key industry verticals and across India & Other Emerging Markets
- Continue to strategically invest in the Inventory & Data Cost to expand reach across connected devices and build deeper insights towards the next billion shoppers
- Inventory & Data cost at 57.4% of revenue from operations, in line with the overall annual trend

# Quarterly Performance Trend (Consolidated)

**EBITDA<sup>1</sup> (Rs. mn) & EBITDA Margin (%)**



**PAT (Rs. mn) & PAT Margin (%)**



Note: 1) EBITDA adjusted for Rs. 9.37 mn of creditors written back in Q4 & 12M FY2020

# CPCU Business | Q4 & 12M FY2020 Performance

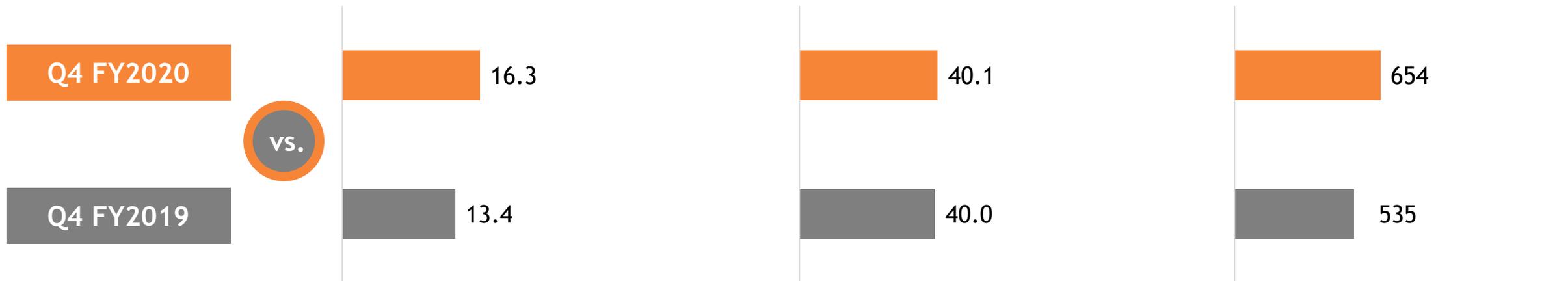
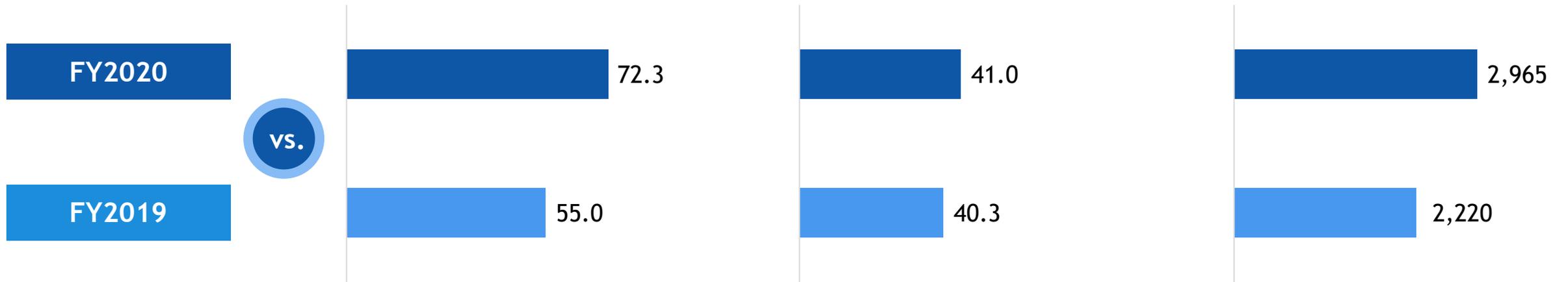
# Converted users (mn)



Average CPCU (Rs.)



CPCU Revenue (Rs. mn)

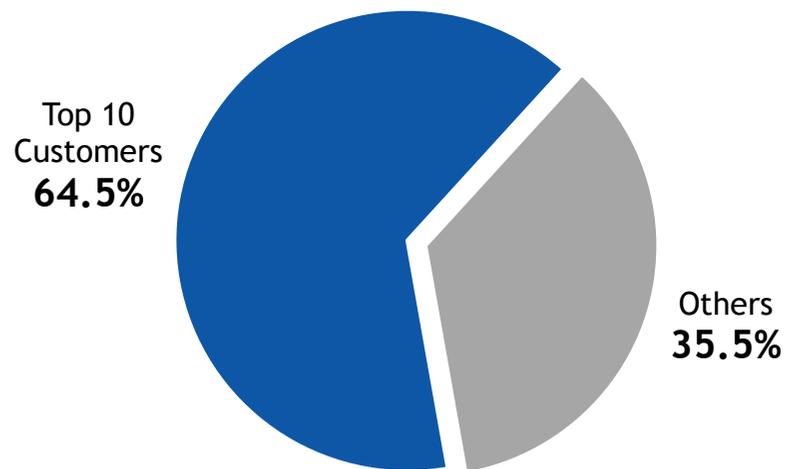


# Affle | Top 10 Customers Profile

- Top 10 customers concentration reduced in FY2020
- Natural shift in the select industry verticals where more advertisers are engaging directly than through their advertising agencies

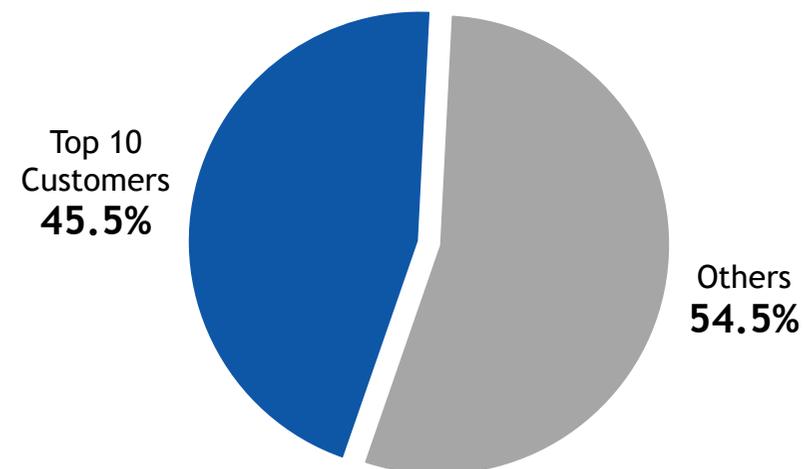
## 12M FY2019 Customer Contribution

*As a % of Consolidated Revenue*



## 12M FY2020 Customer Contribution

*As a % of Consolidated Revenue*



# Affle | Recent Wins



Awarded Silver for ‘Best Lead Generation Through Mobile’ for Meesho at IAMA - India Digital Awards 2020



India DigiPlus Awards

Won Gold for ‘Best Use of Technology’ for Bobbi Brown; ‘Best Use of Programmatic’ for Meesho and one more award for Meesho at ET BrandEquity India DigiPlus Awards 2020



Awarded ‘Great Place to Work’ recognition in mid-size company category by the Great Place to Work Institute



Won ‘IPO of the Year’ for the most successful IPO in 2019 at 2019 HURUN INDIA



Won Gold for innovative mobile advertising for Meesho at MMA (Mobile Marketing Association) Smarties - APAC Awards 2019 and Global Awards 2019

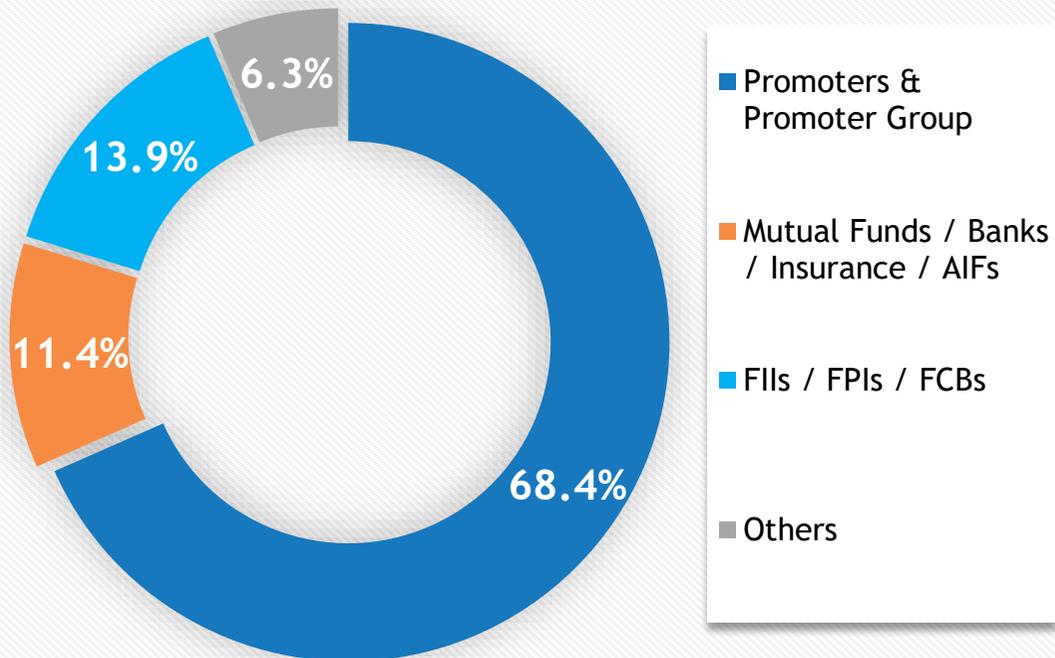


Recognised as the ‘Technology Company of the Year’ & ‘Best in Show’ and 6 more awards for top brands at MMA Smarties Awards 2019, Mumbai

# Affle | Investors Information

## Shareholding Pattern

Total Shares Outstanding as on March 31, 2020 -  
25,496,367



## \*Brokerages Covering Affle (As on date)

Nomura

Sharekhan

Axis Securities

ICICI Direct

*\*Clockwise in order of coverage initiated*

## Market Updates (As of March 31, 2020)

- ✓ Constituent of MSCI Domestic Small Cap Index; Nifty MidSmallcap 400 and Nifty Smallcap 250 Indices
- ✓ Ranked 360<sup>th</sup> amongst NSE Top 500 Companies

# Affle | At a Glance



## ABOUT

- Global technology company with a leading market position in India and a profitable business model
- Existent partnerships with top global e-commerce companies, brands & agencies



## BUSINESS SEGMENTS

- 1) **Consumer Platform:** Delivers acquisitions, engagements & transactions for leading brands and B2C companies. Also, includes retargeting & push notification for e-commerce (**97.2% FY20 revenue**)<sup>1</sup>
- 2) **Enterprise Platform:** Enabling offline businesses to go online through App development, O2O<sup>2</sup> commerce & data analytics (**2.8% FY20 revenue**)<sup>1</sup>

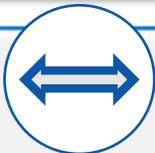


## GLOBAL REACH

India, South East Asia (SEA), Middle East and Africa (MEA), North America (NA), Europe, Japan, Korea and Australia (JKA)

**51.2%**  
India revenue<sup>1,3</sup>  
12M FY2020

**48.8%**  
International revenue<sup>1,3</sup>  
12M FY2020



## END TO END MOBILE ADVERTISING PLATFORM

- In-house data management platform with over **2.1 Bn<sup>4</sup>** connected devices reached, that drives our predictive optimization algorithm
- Fraud Detection platform to help deliver high ROI to our customers



## R&D FOCUS WITH A STRONG PATENT PORTFOLIO

<b>3</b>	<b>10</b>	<b>1</b>	<b>4</b>
Patents registered in US for digital advertising	Patents filed in USA & India for digital ad fraud detection	Patent related to retargeting business filed in US	Patents filed in Singapore



## FINANCIAL SUMMARY (12M FY2020 Consolidated)

Revenue	<b>Rs. 3,338mn</b>
EBITDA <sup>5</sup>	<b>Rs. 888mn</b>
PAT	<b>Rs. 655mn</b>

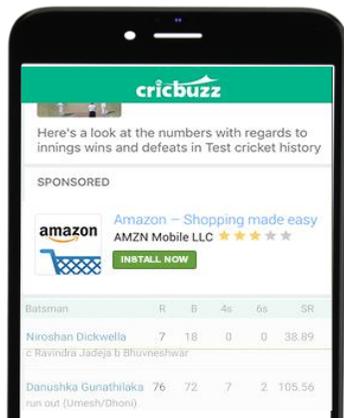
1) For the financial year ended March 31, 2020 on a consolidated basis; 2) O2O : Online to Offline; 3) Region-wise contribution and is different from the billing entity-wise segmental break-up disclosed in financial results; 4) For the last twelve months period of April 1, 2019 to March 31, 2020 on a consolidated basis; 5) Refer Slide 20 for EBITDA computation

# Affle | Cost Per Converted User (CPCU) Business

91.4% of Consumer Platform revenue contributed by CPCU model in 12M FY2020 and 8.6% from Non-CPCU (CPC/CPM<sup>1</sup> type advertising)



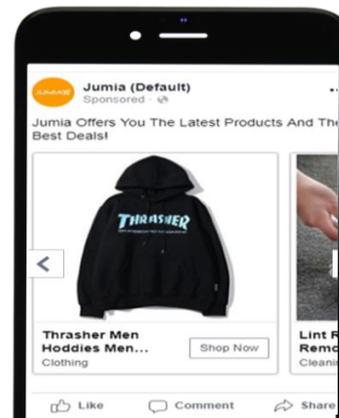
**New user conversion  
(online)**



Use Case - Targeted new user acquisition optimized to in-app transaction/registration/event



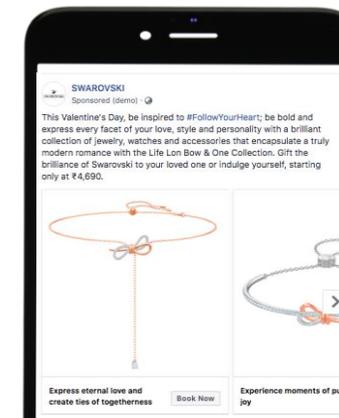
**Existing user repeat  
conversion (online)**



Use Case - Target interested user to complete the transaction



**New/existing user  
conversion (offline)**

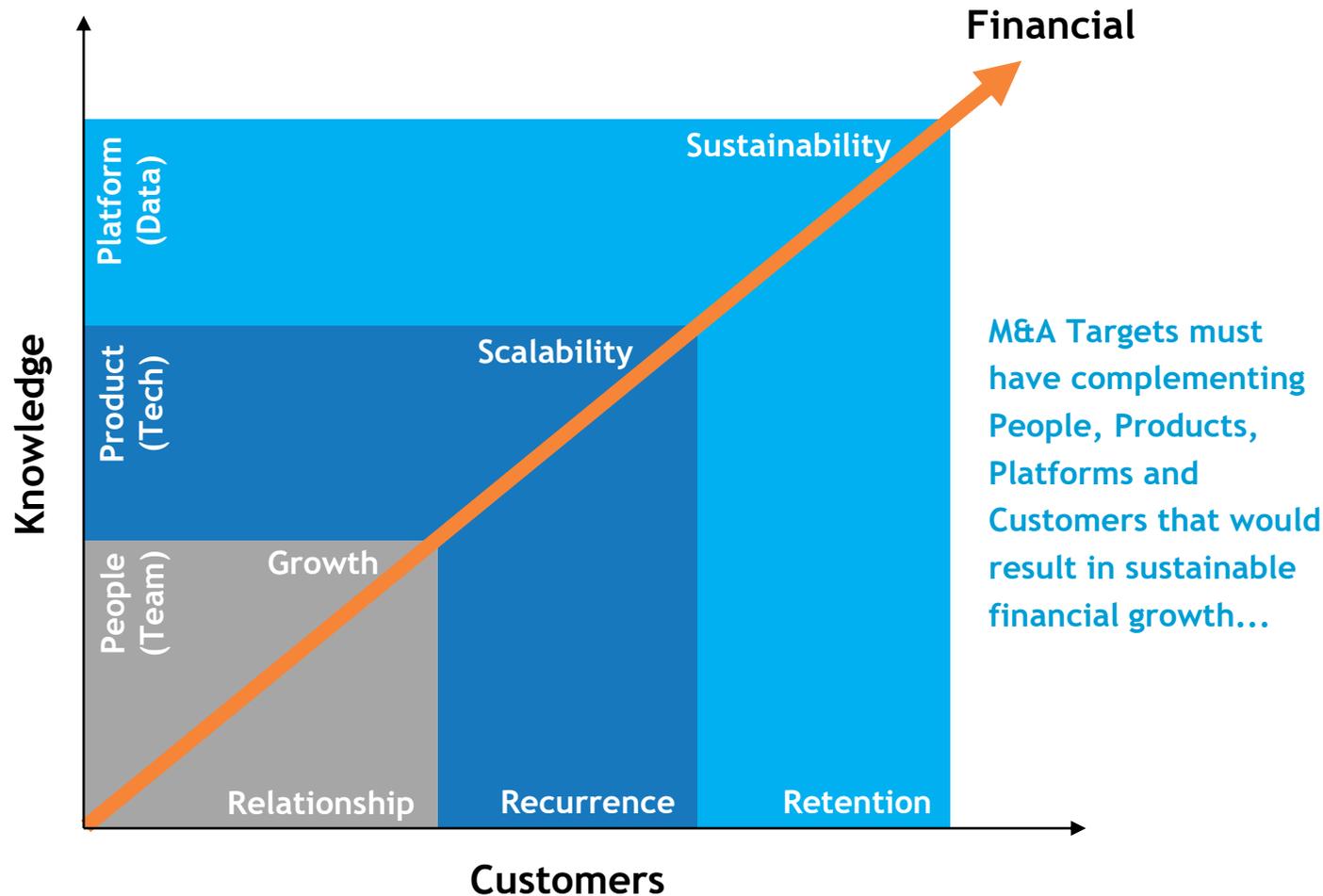


Use Case - Online bookings to drive offline walk-ins (O2O)

1) CPC is Cost per Click, CPM is Cost per thousand Impressions

# Inorganic Growth Strategy

## Pre Deal Assessment: Key Capability Attributes



## Strategic Focus

**Knowledge:** Complementing teams, tech and data strengthen our strategic focus and enable efficient expansion to other emerging markets

**Customers:** Complementing customer relationship to enhance growth and build greater recurrence with integrated tech and data

**Financials:** Enhance value for shareholders by enhancing the profitability of the acquired businesses and the PE multiple



powered by affle



powered by affle



powered by affle

#MEDIASMART

an affle company

# Consolidated Financial Summary

In Rs. million	Q4 FY2019	Q4 FY2020	Y-o-Y Growth	12M FY2019	12M FY2020	Y-o-Y Growth
Revenue from Contracts with Customers	605	800	32.3%	2,494	3,338	33.8%
Inventory and Data Costs	290	459	58.4%	1,341	1,921	43.3%
Employee Benefits Expense	64	64	0.8%	212	273	28.6%
Other Expenses	51	75	48.5%	237	265	11.4%
Add back: Creditors written back <sup>1</sup>	0	9		0	9	
<b>EBITDA</b>	<b>201</b>	<b>211</b>	<b>5.1%</b>	<b>703</b>	<b>888</b>	<b>26.3%</b>
<i>% EBITDA Margin</i>	<i>33.2%</i>	<i>26.4%</i>		<i>28.2%</i>	<i>26.6%</i>	
Depreciation and Amortisation Expense	27	48		101	133	
Finance Costs	3	6		8	14	
Other Income	3	25		4	52	
<b>Profit Before Tax</b>	<b>174</b>	<b>182</b>	<b>4.3%</b>	<b>598</b>	<b>792</b>	<b>32.5%</b>
Total Tax	29	29		110	137	
<b>Profit After Tax</b>	<b>145</b>	<b>153</b>	<b>5.7%</b>	<b>488</b>	<b>655</b>	<b>34.2%</b>
<i>% PAT Margin</i>	<i>23.8%</i>	<i>18.3%</i>		<i>19.5%</i>	<i>19.3%</i>	

**Key focus on sustainable profitable growth**

Note: 1) For clarity, creditors written back in Q4 & 12M FY2020 which are part of 'Other Income' in the reported financials, are presented separately above and netted off from expenses

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