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MAGNA GLOBAL Forecasts Global Advertising Revenues to Grow by +3.9% to $513 billion this Year

BRICs and US Slow Down but Europe Recovers
Digital Media to Become the #1 Media by 2018

Top Stories

1. Globally, media owner advertising revenues are forecast to grow by **+3.9%** in 2015 to **$513 billion**. This is nearly one point lower than our previous forecast (+4.8% in Dec. 2014) and represents a slowdown from 2014 (+4.9%).
2. The nearly one point slowdown in 2015 is largely attributable to the absence of even-year events that generated extra ad spend in 2014 (Winter Olympics, US Elections, FIFA World Cup). Neutralizing this non-recurring effect, underlying global growth would be similar to last year's growth.
3. Of the 73 countries analyzed by MAGNA GLOBAL in this update, 55 have seen their 2015 growth forecast reduced. The biggest contributors to the reduction include two BRICs affected by economic difficulties: **Russia**, where ad revenues are now expected to decrease by -11%, and **Brazil,** now expected to grow by +4.4% (previously +5.9%). We also reduce the **US** growth forecast to +1.6% (compared to +2.7% previously forecast). Less significant adjustments include China (+8.1%, previously +8.6%) and Canada (+2.7%, previously +3.4%)
4. On the other hand, the biggest **upward revisions** come from Spain (+8.6%, previously +5.6%) and the UK (+5.6%, previously +4.7%). In those markets, ad spend has been even more dynamic than expected in the beginning of the year, leading us to increase our full year growth forecast. Other markets growing slightly faster than expected in 2015 include France (from -1.1% to +0.3%) and Japan (from +2.7% to +3.4%).
5. **In the US**, media owners advertising revenues will grow by +1.6% this year to **$166.2 billion**. Neutralizing the impact of the non-recurring drivers of 2014 (mid-term elections and winter Olympics), the underlying 2015 growth is expected to reach +3.0% i.e. an acceleration from 2014 (+1.6%) due to continued recovery in the US macro-economic environment.
6. As predicted, **Western Europe** advertising revenues will grow for a second year in a row (+3.0%) as high-single-digit growth rates in the UK, Spain, Portugal and Greece offset continued sluggishness in France and Italy. Our 2015 forecast for **Eastern Europe** is cut down to -1.8% ($19.5bn) to reflect the massive economic headwinds faced by Russia and Ukraine. In fact, excluding Russia, CEE growth would be +5.9% in 2015 (previously +5.1%).
7. **Asia-Pacific** will continue to experience mid-single-digit growth (+6.3% to $147.2bn) with resilient markets in China, Australia and Japan. **Latin American** advertising spend is forecast to grow by +9.9% (previously +12.9%) as Brazil's economic downturn pulled down ad spend in the first half of the year. With the slowdown of Russia, Brazil and- to a lesser extent – China, the **BRICs** are no longer the massive growth engine they were in the last five years. The combined ad growth for the four markets is now expected at +5.5% this year, down from +7.2% previously.

8. **Digital media** advertising is expected to grow by double-digits again this year again (+16% to $149 billion) driven by mobile advertising (+53% at $50.0bn), video formats (+38% at $15.4bn) and social formats (+38% at $22.7bn). Global digital revenues will reach **31% market share globally** this year. Mobile advertising now accounts for 30% of total digital advertising and will reach 55% by 2019.
9. **In 2014, digital media was already the #1 media category in 13 of the 73 markets** analyzed by MAGNA GLOBAL, including the UK, Australia, Canada, Germany, China, Sweden and the Netherlands. This number will grow to 14 in 2015 and to 23 by 2018. Based on our long-term forecasts, digital media will catch up with television **in 2018**, when digital media reaches 38.0% of global ad revenues compared to TV's 37.7% share. This is one year earlier than previously forecast. In the US, digital will outgrow television revenues by 2017.
10. The growth of **television** advertising revenues will slow down in 2015 due to the absence of global sports events and US elections, the continued erosion of linear TV viewing in most markets, and the increasing competition of digital media formats. Global ad sales will grow by a modest +1.2% to $198 billion. Print ad revenues will continue their long-term decline with ad sales decreasing by -5.9% (newspapers) and -8.0% (magazines) respectively. Radio ad sales will remain flat (+0.8% at $32.7bn) and out-of-home media advertising will grow by +2.8% to reach $33.5bn. Combined **traditional media ad revenues will decline by -0.8%,** for the first drop since the recession of 2008-2009.

In its latest report on the global advertising market, covering 73 countries, MAGNA GLOBAL anticipates that media owner revenues will grow by **+3.9%** this year, to **$513 billion**. The new growth forecast is lower than our previous forecast (+4.8% in December 2014) and represents a slowdown from 2014 (+4.9%). The nearly one point slowdown in growth in 2015 is largely attributable to the absence of even-year drivers that generated extra ad spend in 2014 (Winter Olympics, US Elections, and FIFA World Cup). Neutralizing this non-recurring effect, global underlying growth for 2015 would therefore be similar to last year's, consistent with a global world economic output that is expected to be similar to last year's (+3.5% vs. +3.4% according to IMF WEO April 2015).

Of the 73 countries analyzed in this update, 70 are expected to show some advertising growth and only three (Russia, Croatia, Finland) are forecast to see a decrease. However we are **reducing our 2015 growth forecast in 54 of the 73 markets**. The bulk of the downgrade (0.9% lower from our previous forecast in December 2014) is attributable to three large markets: Russia (-11%, contribution to global slowdown -0.2%), Brazil (+4.4% down from +5.9%, contribution -0.2%) and the US (from +2.7% to +1.6%, contributing -0.4%). Emerging markets continue to drive global growth (+8%) while mature developed markets show very modest growth rates (+2.5%). We have also slightly reduced our forecast for China (+8.1%, previously +8.6%) and Canada (+2.7%, previously +3.4%).

On the other hand, 19 markets see higher 2015 growth forecasts than previously predicted. The biggest **upward revisions** among large markets come, Spain (+8.6%, previously +5.6%) and the UK (+5.6%, previously +4.7%). In those markets, ad spend has been even more dynamic than expected in the beginning of the year, leading us to increase our full year growth forecast. Other markets growing faster than expected include France (from -1.1% to +0.3%) and Japan (from +2.7% to +3.4%).

According to **Vincent Letang**, MAGNA GLOBAL's Director of Global Forecasting and author of the report: *"2015 is a tipping point in the long-term shift from traditional to digital media. Last year's global advertising growth (+4.9%) was the combination of digital media growing +18.5% while traditional media revenues were essentially flat (+0.5%). This year, traditional media ad revenues will* decrease *globally (-0.8%) for the first time since the 2008-2009 recession, as low growth of television and out-of-home ad sales will no longer offset the fast decline of print (-6.5%), challenged by a diversified family of digital media categories (+15.9%). Beyond the slowdown caused by the absence of global events in 2015, we believe digital media has reached a stage and critical where it starts to compete more directly with traditional TV budgets."*

Our long-term forecasts have also been reduced because accelerating digital shift generates a deflationary pressure on total ad spend. Our 2014-2019 five-year CAGR forecast is now +4.9% compared to +5.6% previously.

North America: Underlying Growth Recovers in the US

North America advertising revenue growth will slow to just +1.7% this year, driving total market spend to $179.4bn, with growth in the US (+1.6%) trailing Canada's +2.7%.

In the US, real GDP growth forecast was revised down by the Philadelphia Fed's Survey of Professional Forecasters (SPF) in their latest (May 2015) release, from +3.2% to +2.4% after the economy briefly stalled in Q1 (real GDP -0.7%); however this is still an acceleration from 2013 (+1.4%) and 2014 (+1.8%). Other indicators, especially unemployment, have improved significantly in the last six months, driving consumer confidence.

In that context, MAGNA GLOBAL is expecting **US advertising revenues to grow by +1.6% to $166.2bn** this year, down from our previous (February 2015) estimate of +2.7% and down from 2014's +3.1%. However, excluding the impact of incremental Political & Olympic (P&O) ad spend that inflated 2014 ad revenues, US advertising revenues would **increase by +3.0% in 2015**, which in fact represents an acceleration on 2014 (+1.6% excluding P&O), reflecting a gradually more robust economic environment.

Overall **TV ad revenues** (local+national, broadcast+cable) are expected to decrease by -3.5% to $63.3 billion this year. That TV ad revenues should decrease is not uncommon in the odd-numbered years that follow P&O years but the rate of decline will be steeper than the last cycle (-0.6% in 2013), reflecting a weak underlying trend (-0.1% excluding the P&O factor). **Local TV** will fare worse that national TV at -9.3% to $20.6bn (ex P&O -2.5%). We have slightly upgraded our previous forecast for national TV as the first quarter was somewhat stronger than 3Q and 4Q of 2014. We now expect FY national TV ad revenues to be only slightly down (-0.5% to $42.7 billion) and slightly up excluding P&O (+1.1%). Broadcast networks ad sales will decrease by -5.9% this year (-1.4% if excluding Olympic revenues of 2014). Cable networks ad revenues will grow by +2.6%, somewhat accelerating from the all-time low growth experienced in 2014 (+1.3%) but still far below the growth rates cable networks were enjoying until recently (5% to 8% per year over

2011-2013). Cable networks are still marginally stealing audience shares to broadcast networks but both TV categories are now affected by the overall erosion in linear TV viewing.

Digital media will continue to be the big winner in 2015 with ad revenues growing by +16.6% to $57.7bn. Digital growth in the US will be fueled by video and social media. Mobile-based advertising continues to surge to $19.3bn (+55%) to reach one-third of total digital spend. Meanwhile, non-mobile digital advertising continues to be cannibalized and will grow by only +3.8% this year and +1.7% next year. Non-mobile revenues will actually start to shrink this year within social and display formats, and search format will follow suit in the next two years. Mobile advertising will outgrow desktop/laptop ad revenues by 2018. **Total digital media will outgrow television to become the #1 media category in the US by 2017.**

Print will continue its decline with newspaper ad sales declining by -12.8% to $14.0bn and magazines dropping -12.4% to $9.3bn. Radio ad sales will decrease by -1% to $14.7bn. Out-of-home media revenues are the only traditional media expected to increase ad sales in 2015, coming in at +1.9%. Growth in OOH will be fueled by digital OOH, which is expected to grow by 11% this year and now accounts for almost 20% of total out-of-home advertising.

In **Canada,** real GDP is predicted by IMF to grow by +2.2% in 2015 (down slightly from their previous forecast of +2.4%), while consumer price inflation is expected to slow down to 0.9%. In that context MAGNA GLOBAL estimates that advertising revenues will grow by +2.7% this year, to CAD 13.1 billion, accelerating from 2014 (+1.2%). Television advertising decreased for the third year in a row in 2014, dropping -3.1%, despite the driver of winter Olympics. The trend is expected to continue in 2015 with a drop of -2.2%. Digital media advertising will grow by 15% in 2015 to reach $4.6bn and market share of 35%. Canada is one of 13 countries where the market share of digital media is already higher than the share of television, and where digital surpassed television in 2013. Digital growth will be further driven by social media (+44%) and video (+30%) in 2015, while spend in banner display format will grow only slowly (+3%) due to deflationary pressures. The share of mobile is slightly more than one-third of total digital advertising, coming in at 35%. Other media categories will struggle in 2015: Newspapers ad sales will continue to decrease by -5% while magazines ad sales will decline -7%. Radio ad sales will decline by -2.0%.

Western Europe: Recovery Continues in the South

As predicted, Western Europe advertising revenues will grow for a second year in a row (+3.0%) after years of stagnation following the 2008-2009 recession.

The biggest contributors to regional growth this year will be the UK on the one hand (+5.6%), still driven by a buoyant economy, and some Southern European markets on the other hand: Spain (+8.6%), Portugal (+6.2%) and Greece (+5.8%) on the other hand. While those Southern Europe ad markets are now fully recovering after hitting bottom in 2012-2013, it must be noted that the economic environment in those Southern markets is hardly stabilizing and remains fragile. Related ad spend growth therefore is primarily driven by media prices that have hit historical lows and present marketers with good value opportunities as local economies stabilize, even if sales remain far from pre-recession levels. Marketers may also be anticipating consumption recovery and, following years of dis-investment in brand advertising, are keen to reposition themselves in the top of minds of consumers. The recovery in ad revenues is concentrated within digital media and television, however, while most other media categories are still suffering.

Elsewhere in Western Europe, we are expecting low-single-digit growth in Germany (+2.0%) and a flat market in France (+0.3%) and Italy (+0.5%). In France and Italy, television had a stronger-than-expected beginning of the year. In the case of France, both volumes and prices were up year-on-year. In the case of Italy, pricing was flat or down but volumes of impressions were up, driven by decent viewing and an increase in spot volumes. In both markets, television sell-out ratios (commercial air time in proportion of the legal maximum – usually 12 minutes per hour) are back to high levels (90% in some dayparts), which may, at least in the case of France, generate CPM inflation in the next few months. This was very much the trigger to the stronger TV recovery that has happened in Spain in the last two years, arguably from a lower base.

Central and Eastern Europe: Russian Ad Spend Drops -11%

Media owners' advertising revenues in Central and Eastern Europe (CEE) increased by +5.7% last year to reach $19.9bn. Ad revenues are expected to decrease by -1.8%% this year as Russian weakness adds a significant headwind to the region. Ukraine saw a significant decline in advertising spend last year (total spend 2014 was down by over 1/3 in USD terms with negative double-digit growth on a constant-currency basis) and therefore has stabilized in 2015 at a much lower level. Russian advertisers, however, were slower to react to weakness in their economy and as a result, while 2014 growth was slightly ahead of expectations, 2015 is now expected to shrink by -11.1%. Accordingly Russia will fall from being the 10th largest advertising economy to being the 12th largest at the end of 2015. **Excluding Russia, CEE growth would be +5.9%,** i.e. higher than our previous ex-Russia expectations (+5.1%).

After Russia, the largest markets in Central & Eastern Europe are Turkey and Poland. In **Turkey** we expect ad sales growth of +8.5% in 2015, following 2014's +8.0% performance. In **Poland**, we forecast +4.8% growth following 2014's +7.0% performance. The largest media format in the CEE region remains television, representing 45% of total spend. Digital media formats are gaining quickly, however, and will grow from 28% of total spend in 2014 to 41% of total spend by 2019, passing television. Within digital, search is the strongest advertising category, with nearly half of total digital spend. The fastest growth comes from social (25% CAGR through 2019) and video (17% CAGR through 2019) but the gains of those formats are coming at the expense of display (flat growth through the forecast period).

Asia-Pacific: China Slows Down, India Takes Growth Leadership

Asia-Pacific advertising spend grew by +6.2% in 2014 to reach $138bn. It will grow by +6.3% in 2015 to reach $147bn. This will push APAC past EMEA to be the second largest global advertising region by spend, behind only North America.

Nominal GDP growth expectations in APAC have been reduced by the IMF. The region grew by +6.7% in 2014 and growth is expected to be similar in 2015 at +6.8%. This is down from prior expectations of +7.7% growth in 2015, though APAC remains one of the fastest growing advertising economies on a global basis, ahead of North America and Europe.

China, the largest APAC market, grew by +10.5% in 2014 to $45.9bn, and is expected to grow by +8.1% in 2015 to reach $49.7bn. China nominal GDP is expected to grow by 8.2% in 2015, down from prior IMF expectations of 9.5%. Growth continues to slow as the Chinese market transitions to a consumption economy. China is the second largest global advertising market behind the United States, and its lead on third place Japan is increasing. Digital continues to take share of the total media pie, and will grow to represent 44% of all media spend in China by the end of this year, ahead of TV's 36% share.

Japan's economy has seen some expansion of late, with nominal GDP expected to grow by +2.6% in 2015, partly due to inflation. As a result, advertising growth accelerated to +4.0% in 2014 and is expected to reach +3.4% in 2015, as the second consumer tax increase scheduled in 2015 has been postponed by the Government. Print is still strong and resilient in Japan, and together newspaper and magazines nearly match digital for market share. Digital grew by +28.4% in 2014 to claim over 25% of the advertising market. It will continue to be the highest growth media format with 20% growth in 2015. The fastest growth within digital comes from social (+40% growth expected in 2015 to reach nearly 10% of total digital spend). This is closely followed by video (+35% expected in 2015) which is also hovering around the 10% of total digital spend mark. Search continues to gain share within total digital at the expense of traditional banner display which remains a share loser.

Australia advertising is picking up pace, with +3.8% growth expected in 2015 (unchanged) to reach $12bn, up from last year's +1.2% growth. Australia remains one of the most mature and intense advertising markets, with ad spend per capita passing $500 this year, which is the fourth highest global total trailing only Norway, the United States and Switzerland.

As China slows down, **India** is now the fastest growing among large markets in Asia, and the most dynamic "BRIC" by far. Our 2015 ad revenue growth forecast is nearly unchanged at +13%. The market lacks the driver of general elections last year (generating large television spend) but benefitted from the cricket world cup earlier this year.

Within APAC, television remains the largest media format with just over 40% market share. While this is down from its peak of 47% in 2005, TV remains well ahead of second-place digital, which claims 29% market share. TV in APAC is expected to grow by +3.6% this year, ahead of 2014's +1.8% growth rate, but still well below the growth seen in post-recession recovery years.

Latin America: Driven by Inflation

LATAM advertising revenues increased by +11.3% in 2014, and are expected to slow down to high-single-digit (+9.9%) this year, to $42.4 billion. Spending is expected to re-accelerate in 2016 to +12.2%, helped by Summer Olympics in Rio de Janeiro. LATAM now represents 8% of global ad spend and will grow to 12% by 2019.

Brazil is by far the biggest market in the region, representing 60% of total regional ad revenues and ranking sixth globally, between Germany (#5) and France (#7). Economic activity is expected to turn negative in 2015, leading to a significant slowdown of advertising revenue growth from +8.1% in 2014 to just +4.4% in 2015. The slowdown in economic activity (real GDP -1.0%) will be partly offset by economic and media inflation (around 7%), thus producing modest nominal growth in leading media categories: +2.5% for TV, +14% for digital media while print and radio ad sales will decrease.

Two countries are still experiencing hyper-inflation and therefore strong nominal ad spend growth: **Venezuela** (+40%) and **Argentina** (+31%). The lowest advertising growth is expected in **Chile** with just +1% amidst low economic growth and moderate inflation. **Mexico** ad growth forecast is revised from +7.5% to +4.2%, following a weaker-than-expected first half for television.

TV remains the dominant media format in LATAM, with total spend share of 57%. While this is slightly lower than years previous, it remains the highest of any global region and is not expected to significantly lose share in the following years. Digital Media, on the other hand, remains relatively small in LATAM at 17% of total spend, below the global average (31%). It is growing rapidly from a small base (+20% this year) driven by strong growth in social media advertising (+41%) and video (+40%). While search and display are currently the dominant digital formats in the region, social is expected to pass banner display to become the #2 digital format within the next years.

Media Mix: Digital Media Will Outgrow TV by 2018

Digital Media continues to drive global advertising at the expense of traditional media, and that includes television now.

Digital media advertising (all formats) is expected to grow by double-digits again this year (+16% to $149 billion) driven by mobile-based ad revenues (+53%), video formats (+38% at $15.4bn) and social formats (+38% at $22.7bn). Reflecting the rapid shift to "mobile" devices (smartphones and tablets) in consumer usage, at the expense of desktop and laptop computers, mobile advertising will grow by 53% this year to $50.0bn. Mobile advertising will grow by an average 33% per year in the next five years, to reach $138bn (55% of total digital advertising) by 2019.

Global digital revenues will reach **31% market share globally** this year. Based on our long-term forecasts, **digital media will catch up with television in 2018**, when digital media reaches 38.0% of global ad revenues compared to TV's 37.7% share. This is one year earlier than previously forecast. **In 2014, digital media was already the #1 media category in 13 of the 73 markets** analyzed by MAGNA GLOBAL, including the UK, Australia, Canada, Germany, China, Sweden and the Netherlands. This number will grow to 14 in 2015 and 23 by 2018 (fig. 4). In the US, digital will outgrow television revenues in 2017.

Multiple factors are driving the continued growth of digital media advertising and the list varies depending where one looks.

In mature markets, where digital media usage is already high, digital publishers grow ad sales by adding new formats (social, video, mobile) in addition to their traditional digital tools (display, search). Digital media as a whole is capturing ad budgets from traditional media categories, winning three market share points every year in a more-or-less static all-media market. The rise of **programmatic** technologies and automated transactions allow digital publishers to monetize a larger proportion of their inventory and impressions, and attracts many large advertisers who see an opportunity to leverage their client/user databases. This is offsetting the deflationary effect that real-time bidding may have on non-premium formats and we would argue that programmatic/automation is right now a *net* driver to digital media spend, contributing to the acceleration of the shift from traditional to digital media.

In emerging markets, where programmatic is not yet developed, there are *different* drivers. Digital media spend is still driven by organic growth in internet penetration and usage, and the increase of bandwidth in desktop and mobile connections, enabling streaming video ads. Since internet users in developing markets are coming later to digital media than they did in mature markets, internet usage is typically different and digital ad sales tend to show extremely high growth rates for social and video formats in particular.

Television advertising revenues will slow down in 2015 due to the absence of global sports events and US elections and the increasing competition of digital media formats. Global ad sales will grow by a modest +1.2% to $198 billion (previously forecast +3.0%) compared to +3.9% in 2014. Beyond the predictable slowdown caused by the absence of global events and US elections in 2015, we believe digital media has reached a stage and critical mass where it starts to compete more directly with traditional TV budgets. Another factor slowing down traditional TV advertising is the erosion of linear viewing and the shift to other forms of video consumption. **In 2014 linear TV viewing, measured on broad audiences was down in almost every large mature market**: UK (-3%), Japan, Italy, France and Spain (-2%), Italy (-1%), Brazil (-5%). Audience levels had started to decrease in younger demographics in several markets a few years ago, but until now that decrease was offset by the stability of older, much bigger TV viewing demographics. In the US the erosion of linear TV consumption was only 2% to 5% per year since the all-time high of 2009 (31.6 hours a week) but the decline accelerated to 9% in calendar year 2014 (all networks, 18-49, TV set only, includes DVR). A significant portion of the "lost" minutes are actually shifted to free-to-view, ad-funded digital "catch-up" VOD of TV shows on "full episode players" and aggregating platforms like Hulu. The corresponding advertising monetization then goes into our "Online video" bucket. But another growing portion of video consumption now goes to over-the-top, subscription-based VOD platforms showing TV programs without any advertising (e.g. Netflix). This growing form of

TV/video consumption is likely to shift the business model of video production from linear advertising to subscription/licensing revenues in the future. Our five-year CAGR for 2014-2019 for TV ad revenues has thus been reduced from +4.9% (December 2014 forecast) to +3.5%. The free TV forecast has been reduced from +4.5% to +2.9%.

Newspapers and **magazines** ad revenues will continue their long-term decline with ad sales decreasing by -5.9% and -8.0% respectively. **Radio** ad sales will remain flat (+0.8% at 32.7bn) and out-of-home media advertising will grow by +2.6% to reach $30.6bn, a 6% market share. Combined traditional media ad revenues will decline by -0.8%.

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The next MAGNA GLOBAL Global Advertising Revenue Forecasts will be published in December 2015.

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Figure 1: Global Media Owner Advertising Revenues (2014-2016) ($bn)

Traditional Media	2014	2015	2016	Digital Media	2014	2015	2016
Television	**195,653**	**197,916**	**208,407**	**Search***	**66,658**	**76,126**	**84,939**
Growth	3.9%	1.2%	5.3%	Growth	15.0%	14.2%	11.6%
Market Share	39.6%	38.6%	38.6%	Market Share	13.5%	14.8%	15.7%
Newspapers	**68,090**	**64,103**	**60,005**	**Online Video***	**11,155**	**15,347**	**20,714**
Growth	-6.6%	-5.9%	-6.4%	Growth	46.4%	37.6%	35.0%
Market Share	13.8%	12.5%	11.1%	Market Share	2.3%	3.0%	3.8%
Magazines	**27,794**	**25,562**	**23,821**	**Display***	**28,679**	**30,448**	**31,709**
Growth	-8.1%	-8.0%	-6.8%	Growth	7.8%	6.2%	4.1%
Market Share	5.6%	5.0%	4.4%	Market Share	5.8%	5.9%	5.9%
Radio	**32,379**	**32,654**	**32,711**	**Social***	**16,476**	**22,663**	**29,023**
Growth	1.0%	0.8%	0.2%	Growth	60.9%	37.6%	28.1%
Market Share	6.6%	6.4%	6.1%	Market Share	3.3%	4.4%	5.4%
Out-of-Home***	**29,847**	**30,636**	**31,635**	**Other Formats***	**14,526**	**14,689**	**13,875**
Growth	4.3%	2.6%	3.3%	Growth	6.8%	1.1%	-5.5%
Market Share	6.0%	6.0%	5.9%	Market Share	2.9%	2.9%	2.6%
Cinema	**2,718**	**2,850**	**2,905**	**Mobile****	**32,729**	**49,959**	**68,149**
Growth	3.2%	4.9%	1.9%	Growth	89.8%	52.6%	36.4%
Market Share	0.6%	0.6%	0.5%	Market Share	6.6%	9.7%	12.6%
Total Traditional	**356,481**	**353,722**	**359,484**	**Total Digital**	**137,494**	**159,272**	**180,261**
Growth	0.5%	-0.8%	1.6%	Growth	18.5%	15.8%	13.2%
Market Share	72.2%	69.0%	66.6%	Market Share	27.8%	31.0%	33.4%
Grand Total	**493,975**	**512,994**	**539,745**				
Growth	4.9%	3.9%	5.2%				

Source: MAGNA GLOBAL, June 2015

*Includes desktop-based and mobile-based advertising.

**Digital advertising spend on tablets and smartphones, across all formats (search, display, video, social).

***OOH includes traditional and digital OOH formats. Excludes on-screen cinema advertising

Figure 2: US Media Owner Advertising Revenues (2014-2016) ($m)

Traditional	2014	2015	2016	Digital Media	2014	2015	2016
Television	**65,651**	**63,333**	**67,300**	**Search***	**24,914**	**28,112**	**31,604**
Growth	3.2%	-3.5%	6.3%	Growth	9.0%	12.8%	12.4%
Market Share	40.1%	38.1%	38.3%	Market Share	15.2%	16.9%	18.0%
Newspapers	**16,093**	**14,040**	**11,800**	**Online Video***	**4,435**	**6,420**	**9,136**
Growth	-11.6%	-12.8%	-15.9%	Growth	48.6%	44.8%	42.3%
Market Share	9.8%	8.4%	6.7%	Market Share	2.7%	3.9%	5.2%
Magazines	**10,639**	**9,324**	**8,516**	**Display***	**8,110**	**8,547**	**9,045**
Growth	-11.4%	-12.4%	-8.7%	Growth	3.7%	5.4%	5.8%
Market Share	6.5%	5.6%	4.8%	Market Share	5.0%	5.1%	5.1%
Radio	**14,806**	**14,704**	**14,454**	**Social***	**7,000**	**9,634**	**11,885**
Growth	-3.0%	-0.7%	-1.7%	Growth	55.6%	37.6%	23.4%
Market Share	9.0%	8.8%	8.2%	Market Share	4.3%	5.8%	6.8%
OOH* **	**6,418**	**6,507**	**6,649**	**Other ***	**4,995**	**4,963**	**4,607**
Growth	1.9%	1.4%	2.2%	Growth	8.1%	-0.6%	-7.2%
Market Share	3.9%	3.9%	3.8%	Market Share	3.1%	3.0%	2.6%
Cinema	**591**	**638**	**644**	**Mobile****	**12,500**	**19,335**	**27,275**
Growth	-7.1%	7.9%	1.0%	Growth	76.5%	54.7%	41.1%
Market Share	0.4%	0.4%	0.4%	Market Share	7.6%	11.6%	15.5%
Total Traditional	**114,199**	**108,545**	**109,364**	**Total Digital**	**49,454**	**57,677**	**66,277**
Growth	-1.6%	-5.0%	0.8%	Growth	15.6%	16.6%	14.9%
Market share	69.8%	65.3%	62.3%	Market Share	30.2%	34.7%	37.7%
Grand Total	**163,653**	**166,222**	**175,641**				
Growth	3.1%	1.6%	5.7%				

Source: MAGNA GLOBAL, June 2015

*Includes desktop-based and mobile-based advertising.

**Digital advertising spend on tablets and smartphones, across all formats (search, display, video, social).

***OOH includes traditional and digital OOH formats. Excludes on-screen cinema advertising

Figure 3: Advertising Revenue Growth (2014-2015) by Geography

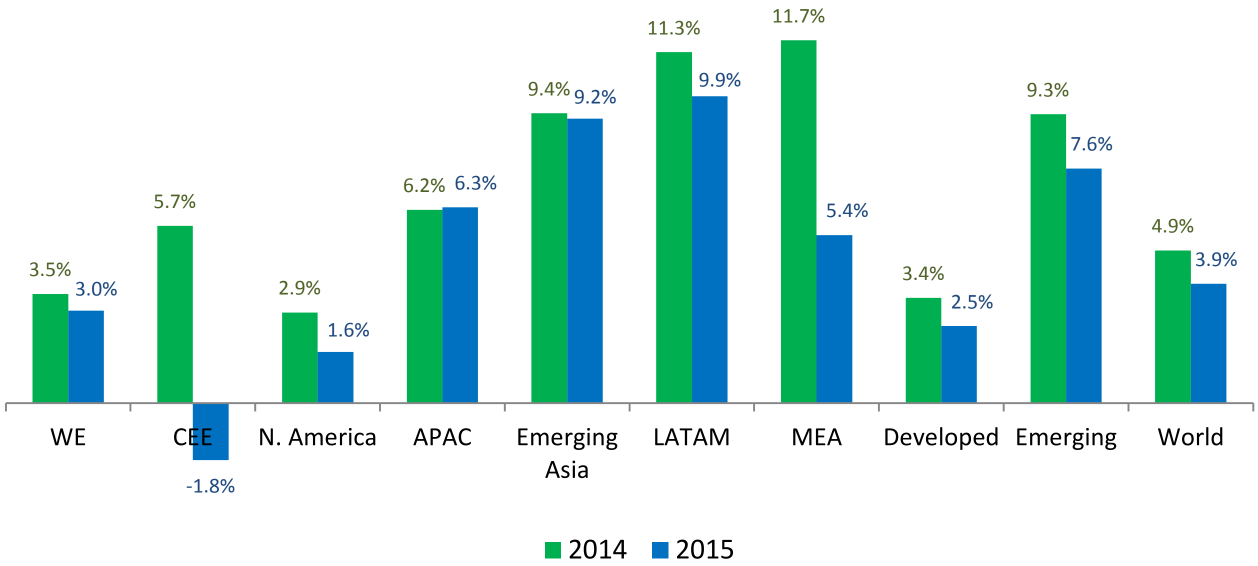

Figure 4: Where and When Digital Becomes the #1 Media Category

2014	2015	2016	2017	2018
13 countries	**14 countries**	**15 countries**	**20 countries**	**23 countries**
Australia	*..same plus..*	*..same plus..*	*..same plus..*	*..same plus..*
Canada	**China**	**France**	South Korea	Bahrain
Czech Republic			Poland	**Russia**
Denmark			Switzerland	Taiwan
Estonia			UAE	
Finland			**United States**	
Germany				
Hungary				
Ireland				
Netherlands				
Norway				
Sweden				
United Kingdom				

Figure 5: Top 10 Ad Markets

Rank	2014	$bn	2015	$bn	2019	$bn
1	United States	163.7	United States	166.2	United States	190.9
2	China	45.9	China	49.7	China	62.7
3	Japan	40.7	Japan	42.1	Japan	44.7
4	Germany	25.1	UK (+1)	26.1	UK	29.5
5	UK	24.7	Germany (-1)	25.6	Germany	27.9
6	Brazil	17.3	Brazil	18.1	Brazil	23.8
7	France	13.9	France	13.9	Canada (+1)	15.0
8	Canada	12.8	Canada	13.1	France (-1)	15.0
9	Australia	11.6	Australia	12.0	Australia	13.9
10	Italy	9.3	Italy	9.3	India (+1)	12.8

About MAGNA GLOBAL Advertising Research

For more than 60 years, MAGNA GLOBAL forecasts have been the industry's leading source for measuring and forecasting advertising revenues. MAGNA GLOBAL forecasts media owners' advertising revenues in the US and around the world through financial analyses of media companies' public filings, government reports, trade association data and local market expertise. MAGNA GLOBAL's new methodology was introduced to the industry in 2009 and has redefined measurement for the advertising-supported media economy, delivering unparalleled authority and accuracy.

Our *Global Media Suppliers Advertising Revenue Forecasts* include television (pay and free), internet (search, display, video, mobile), newspapers, magazines, radio, cinema and out-of-home (traditional and digital). Our report monitors media suppliers' revenues in 73 markets, including all major countries, representing 95% of the world's economy. Our forecasts are updated twice a year and available to our subscribers. Our *US Advertising Revenue Forecasts* includes detailed data for more than 40 categories of media on a quarterly basis from 1990 to 2015 and on an annual basis from 1980 to 2019, updated quarterly.

Please contact vincent.letang@magnaglobal.com for further details.

About MAGNA GLOBAL

MAGNA GLOBAL is the strategic global media unit of IPG Mediabrands, comprised of two key divisions.

MAGNA GLOBAL Investment harnesses the aggregate power of all IPG media investments to create power and leverage in the market, drive savings and efficiencies, and ultimately make smarter, more effective media investments on behalf of our clients.

With a stated goal of reaching 50% automated buying by 2016, the team in North America invests across digital, programmatic, broadcast and all traditional media platforms and is therefore considered the most comprehensive buying and negotiating unit in the media industry. The architects of the MAGNA Consortium – a powerful committee of executives from A&E Networks, AOL, Cablevision, Clear Channel Media and Entertainment, ESPN and Tribune – MAGNA North America is also dedicated to shaping industry automation and audience specific buying.

MAGNA GLOBAL Intelligence has set the industry standard for more than 60 years by predicting the future of media value. MAGNA GLOBAL Intelligence produces more than 40 annual reports on audience trends, media spend and market demand, and ad effectiveness.

MAGNA GLOBAL has offices in 24 countries around the world. For more information, please visit www.magnaglobal.com or follow us @MAGNAGLOBAL.

About IPG Mediabrands

We were founded by Interpublic Group (NYSE: IPG) in 2007 to manage all of its global media related assets. Today that means we manage and invest $37 billion in global media on behalf of our clients, employ over 7,500 diverse and daring marketing communication specialists worldwide and operate our company businesses in more than 130 countries.

A proven entity in helping clients maximize business results through integrated, intelligence-driven marketing strategies, IPG Mediabrands is committed to driving automated buying, pay-for-performance and digital innovation solutions through its network of media agencies including UM,Initiative, BPN, Orion Holdings, and ID Media. Its roster of specialty service agencies including MAGNA GLOBAL, Ansible, Mediabrands Audience Platform, Mediabrands Publishing, IPG Media Lab,Ensemble, and Identity offer technologies and industry moving partnerships that are recognized for delivering unprecedented bottom line results for clients.