GLOBAL ADVERTISING REVENUE FORECASTS
SPRING UPDATE (June 15, 2016)

MAGNA Forecasts Global Ad Market to Grow +5.4% in 2016

- Full-year forecast increased following strong 1Q in most markets
- Ad market experiences strongest growth in six years
- US market to grow by +6.2%
- TV ad sales driven by stronger pricing and major events
- Digital media will surpass TV globally by 2017

Top Stories / Key Findings

1. Globally, media owner advertising revenues will grow by **+5.4% in 2016**, to **$480 billion**, and by +3.1% in 2017. That compares with +4.8% in our previous forecast (Dec. 2015).
2. The biggest contributors to the higher 2016 growth forecast are the **US** (revised from +5.7% to +6.2%) and **China** (from +5.5% to +8.4%). The biggest downward revision comes from Brazil (from +5.0% to +1.9%).
3. **2016's major events** (US elections, UEFA Euro 2016, Olympic Games, Copa America) will boost ad spending. Neutralizing the impact of those cyclical events, media owners ad sales would still grow by +4%.
4. Of the 72 markets analyzed by MAGNA, 67 are expected to experience advertising revenue growth this year and only five will decrease, compared to 15 last year.
5. **US advertising sales will grow by +6.2%** in 2016 to $179 billion, the strongest growth rate since 2010.
6. Neutralizing the incremental spending generated by political and Olympic Games (a record $3.5 billion), 2016 advertising growth would be +4.1% (similar to last year) and will slow down to +3.4% in 2017.
7. **US digital advertising sales will equal TV sales** for the first time in 2016 (both $68 billion, a market share of 38.5%).
8. **Digital media advertising sales will grow +15%** this year while traditional media will be flat (+1%).
9. **Digital media will become the number one media category globally** by the end of 2017, as digital advertising sales will reach $192 billion (a 39% market share), surpassing TV at $178 billion (a 36% market share).
10. **Global TV advertising sales will grow by +4.4%** to $179 billion and out-of-home (OOH) media by +3.8% to $31 billion). Radio advertising revenues will be flat (-0.2% at $32 billion) and print will continue to decline (-8% to $70 billion).
11. Digital advertising sales are driven by **mobile advertising (+44%),** video formats (+35%) and social formats (+43%) and search (+14%) while banner sales will decline (-6%).
12. Mobile advertising will account for 42% of total digital ads by the end of 2016 and near **50% by the end of 2017**.
13. **Linear television** advertising sales (+4.4%) will record their strongest growth since 2012, boosted by cyclical events and strong pricing offsetting the continued erosion of viewing.
14. **Western Europe** advertising revenues will grow by +3.8% to $100 billion, driven by the UEFA Eurol event and assuming "Brexit" does not happen; **Eastern Europe** advertising sales will increase by **+5.3%** to $16 billion.
15. **Asia-Pacific** media sales will reach $139 billion (+6%) while recession-stricken **LatAm** will grow by only +3.3% (previous forecast +5%) despite hosting the 2016 Summer Olympics.

Global Overview

Globally, media owner advertising revenues will grow by **+5.4%** in 2016, to $480 billion, and by **3.1%** in 2017. That compares with +4.8% and +3.2% in the December 2015 forecast.

This year's events (US elections, UEFA Euro 2016 , Summer Olympics in Brazil, and Copa America in the US) will generate incremental advertising spending and thus boost media owner advertising revenues compared to 2015 (when no such events took place.) Neutralizing the impact of those cyclical events in 2015, 2016 and 2017, the global advertising market would grow by approximately +4% in both 2015 and 2016, which suggests **no significant acceleration** in the underlying ad demand beyond the cyclical drivers, as the economic environment remains uncertain.

Our +5.4% prediction for global growth in 2016 is the result of digital media advertising sales growing +15% while **traditional media advertising sales will be flat (+1%). The only traditional media categories to see increasing advertising sales will be television** (+4.4% at $179 billion) **and out-of-home media** (OOH) (+3.8% at $31 billion). Radio will be flat (-0.2% at $32 billion) and print media advertising revenues will continue their long-term decline (-8% to $70 billion) caused by audience erosion.

Digital media advertising sales will increase by +15% to $170 billion globally this year, driven by mobile advertising (+44%), video formats (+35%) and social formats (+43%) while search remains robust (+14%) and banner format sales in decline (-6%) due to ad blocking and the competition of other formats. Digital media advertising sales will reach $192 billion (a 39% market share) by the end of 2017, surpassing TV at $178 billion (a 36% market share) to become the **number one media category globally.** Mobile advertising will account for 42% of total digital advertising by the end of 2016 and will approach 50% by the end of 2017, reflecting further shifts in digital media usage by consumers and related strategies by marketers.

Television advertising sales are predicted to increase by +4.4% this year (to $179 billion), of which approximately 2% is due to the cyclical events of 2016. Above and before the direct impact of those events, television sales have been strong in many large markets in the first quarter of 2016 (US, U.K., France, Italy, Germany, etc.) as an increasing CPM inflation offsets ratings erosion.

Globally, inflation on Free TV channels was +6% in 2015 on a CPM basis (an average +4% in North America and Europe and +7% in APAC). MAGNA predicts **television cost inflation to increase to +7%** in 2016-2017 and +8% in North America. In most mature markets inflation is driven by declining linear audiences and ratings, leading to shortages of supply. This is particularly clear in the US where this scarcity is creating a very competitive scatter market, with "premiums" in the double-digits for the first time in over two years.

Another driver for television globally is **more dynamic spending exhibited by some traditional large TV-centric categories** (automotive, personal care, food and beverages) since 2015. Growth in those sectors was caused by a healthier market (car sales finally recovering in Europe) and in some cases by marketers slowing down the diversification to digital media and re-allocating budgets to linear television. The premiere sporting events in 2016 are sure to draw additional spending in male-oriented categories such as auto and beverage in particular.

Of the **72 markets analyzed by MAGNA** in this update, 67 are forecasted to experience advertising revenue growth this year and only five (Singapore, Finland, Ecuador, Kazakhstan, Hong Kong) will experience a decrease, compared to 15 in 2015. The biggest contributors to the higher 2016 forecast are the US (from +5.7% to +6.2%, including cyclical events) and China (from +5.5% to +8.4%). The biggest negative revision comes from Brazil where a deep economic recession is aggravated by political uncertainty (from +5.0% to +1.9%).

In the US, media owner advertising sales will grow by an estimated **+6.2% in 2016** to **$178 billion,** and will grow again by **+1.2% in 2017**. This will be the strongest annual growth since 2010 (+6.6%). **Digital media will equal TV advertising sales for the first time ever (both $68 billion, a market share of 38.5%).**

Even-year events (Elections and Olympics) are expected to bring a record incremental advertising spend of $3.5 billion, mostly directed towards television. Neutralizing the estimated impact of these events on US media owners advertising revenues, year-over-year growth would still be +4.1% this year, instead of +6.2%.

Western Europe advertising revenues will grow by **+3.8%** in 2016 to reach nearly $100 billion, as France and Italy finally join the U.K. and Spain to show relatively positive growth. Regional growth will then slow down to +2.2% in 2017. In **Central and Eastern Europe,** advertising revenues are predicted to increase by **+5.3%** in 2016 (to $16 billion) and then by +4.8% in 2017. In **Asia-Pacific**, media owner advertising sales are forecasted to increase by an estimated **+6.0%** this year (to $139 billion) and by +4.9% next year.

The weakest region this year will be **Latin America,** as the slowdown in advertising sales, which started last year, proves longer and deeper than expected. This is mostly caused by an economic environment that gradually worsened since the second half of 2015, and was aggravated by the political crisis in Brazil this year. The 2016 Summer Olympics, hosted by Brazil,, won't be enough to offset the advertising slowdown in the region. Advertising sales will grow by **+3.3%** to $22.6 billion (previous forecast: +5.4%) which means a decline in real terms, as economic inflation is typically much higher in most LatAm markets.

According to Vincent Letang, EVP, Director of Global Forecasting at MAGNA and author of the report:

> "Advertising sales were dynamic in the first quarter of 2016, for *both* television and digital media, in many large markets (including US, U.K., Germany, Italy and France). The mixed economic outlook and political uncertainty (Brazil, "Brexit") is likely to gradually reduce the level of growth in the remainder of the year and in 2017, but full-year 2016 global growth (forecast at +5.4%) should remain the strongest in six years (since +8.5% in 2010) thanks to cyclical events and stronger television pricing."

US Ad Market to Experience Strongest Growth in Six Years

In North America, advertising revenues of media owners grew by **+2.5% in 2015**, to reach $178 billion, with growth in the US (+2.5%) stronger than Canada (+1.9%). North America remains the biggest advertising market in the world ahead of APAC, with approx. 36% of global advertising sales. **2016 will prove even stronger: +6%**, (previous forecast +5.5%) with the US (+6.2%) growing much faster than Canada (+2.4%).

In the US, media owners advertising sales grew by **+2.5% to $168 billion** in 2015 and expected to increase by **+6.2% in 2016** and **+1.2% in 2017**. Neutralizing the impact of incremental ad spend driven by even-year events over the period 2015-2017 (in the case of the US: Political & Olympic advertising spend or "P&O") advertising sales will **increase by +4.1% in 2016**, hence **a similar rate as in 2015 (+4.2%)**. In other words, the stronger growth in 2016 is mostly due to the cyclical booster while the underlying ad growth remains constant, at a robust rate.

Media vendor advertising sales were very strong in the first quarter of 2016: +8% overall, driven by national TV (+6%), digital media (+20%) and OOH (+3%). Print and radio advertising sales continued to decrease, but at a lower rate than in 2014-2015. **Overall, that was the strongest quarter recorded in over a decade.**

This may sound paradoxical considering that the US economy *slowed down* rather abruptly in the same quarter: personal consumption was *up* a modest +2% (compared to +3.4% in 2015) and real GDP grew by only +0.5%. Industrial production was down -2% Macro-economic forecasters, however, anticipate that US economic activity will resume at a higher rate in 2Q16 and for the remainder of the year, in line with previous forecasts (between +2% and +2.3% GDP growth for each quarter). Nevertheless, the full-year 2016 GDP growth forecast has been revised down to +1.7% because of the weakness in 1Q.

Following the strong 1Q performance, MAGNA anticipates that **advertising spending growth will slow down in the next three quarters** as year-over-year comps get tougher and because some companies might reflect on economic signals and adjust their full-year media expenditure budgets. Nevertheless, the outlook remains positive on a full-year basis and the 2016 all-media forecast has increased to **+6.2%** (including P&O), half a point above MAGNA previous forecast (+5.7% in December 2015). Excluding P&O effects, our 2016 forecast is increased from +3.6% to +4.1%.

Looking at individual media categories, the +6.2% growth overall for 2016 will be almost entirely driven by digital media (+14%) and television (+7%) while print media and radio advertising sales will continue to decline (newspapers -11%, magazines -10%, radio -3.5%). OOH media, including cinema) will grow by +3%.

National Television advertising sales have been more dynamic since the second half of 2015. The turning point was 3Q15 when scatter CPM pricing suddenly increased. This inflation was caused by a decline in ratings generating inventory shortage (e.g. -11% in Q3 for broadcast networks, primetime, adults 18-19) while demand remained strong. It may also have been catalyzed by a surge in advertising spend from a brand new category of product, "Daily Fantasy Sports" websites (DFS), exacerbating inventory shortage. 4Q15 advertising sales were up +5.2% year-over-year. Partly due to legal issues, DFS operators have since reduced the scale of their partnerships and advertising spend with TV networks, but national TV advertising sales did *not* slow down: **revenues were up by +5.7% in the first quarter of 2016**, the strongest performance in almost three years. Cable network advertising sales grew by +5%.English broadcast networks by +8% and Spanish broadcast networks by +10%.

It must be noted that the 1Q16 performance was caused by strong pricing, weak comps from 2015, along with disproportionate concentration on a small numbers of big spenders in automotive, pharmaceuticals, telecoms and CPG (food, personal care). At least two of these factors may not be replicated in the next few quarters. Comps will start to be much tougher in 3Q and 4Q. Nevertheless MAGNA increases full-year **national TV forecast to +2.6% (previously: +1%)** excluding even-year P&O events. Factoring in incremental Olympics spending (approx. $700 million in 2016, see box) and incremental political spending (approx. $200 million), national TV advertising sales will grow by **+4.8% this year** (to $44.8 billion) and decrease by –0.9% next year (due to the absence of P&O drivers).

The Summer of Sports: A Record Year for National TV
The 2016 Summer Olympics are expected to bring in approx**. $700 million of incremental dollars** this year for national television, i.e. the highest-ever bonanza, and **+15% more than the 2012 London games** four years ago. Why?

- Because Rio's time zone is only one hour ahead of the US East Coast, allowing events to be broadcast **live during primetime** which should provide bigger ratings. Four years ago, events were live in the afternoon, taped and showed "as live" in the evening.)
- There will be **four sports** debuting at the Games this year (including rugby and golf) and a more than a **hundred hours** of additional coverage by nine networks in the NBCU family (three more networks than in 2012) thus maximizing the reach.

The **Copa America** will be another driver this year for national TV. Normally reserved to Latin American teams, this international soccer tournament is being played on US soil for the first time ever this June, and involving the US national team, alongside the star-laden squads of Brazil and Argentina. Matches are being shown on Univision (in Spanish) and Fox Sports (in English). Because of the growing interest for soccer from viewers and sponsors, the event is bound to drive higher advertising spend than the previous Copa America played in Chile in 2015, benefiting Spanish-speaking television in particular (full-year advertising sales forecast: **+11%**)**.** The summer of global sports events will be completed by the UEFA Euro showed by ESPN and ESPN Deportes starting in mid-June.

Despite the strong market in the first quarter this year, MAGNA remains cautious about the level of demand for the rest of the year and for 2017 because of the similarity with a **2014 precedent,** that showed advertising demand lagging the economic signals. TV advertising sales were robust in the first quarter of 2014 despite the US economy stalling (some blamed a severe winter.) When the disappointing 1Q sales and profits gradually materialized, some advertisers overreacted and reduced media budgets for 2Q and the following quarters. Despite the fact that the economy recovered immediately from that temporary 1Q slowdown, many of those budgets were never replenished, which contributed to a poor year for national TV advertising revenues in a healthy full-year economic environment.

In the mid-term, the growth potential for national TV will depend upon the dynamic of supply and demand. The **supply side** is the more predictable: primetime ratings have consistently declined between -7% and -9% per year in the last three years (adults 18-49), and we anticipate linear primetime viewing will continue to erode at the same pace in the *next* few years.

The level of **demand** (and price sensitivity) is more hypothetical. Since 3Q15, **shrinking supply and robust demand have created a level of CPM inflation that has offset the inventory decrease to generate net advertising sales growth**. We believe that this inflation surge was tolerated because some big spending categories that are heavily dependent on television (CPG, auto, entertainment, pharmaceuticals) have so far accepted high-single and sometimes double-digit CPM inflation to keep *securing* a level of reach and pressure that is deemed necessary to their business model and ROI model, in the context of scarcity. That may remain the case *as long as* **alternatives** to linear TV are not perceived as fully available for them, at scale, and with measurable ROI. However, MAGNA believes that those alternatives (e.g. online video) are becoming better substitutes to linear television for the need of various brands and industries, and marketers will gradually become more aware of them in the coming months and years.

Local television will, as usual, be the primary benefactor of a record volume of political advertising spend this year (**see box**).Thanks to an estimated $3 billion of incremental political spending, total advertising sales will grow by +11% to $24.3 billion. Total advertising revenues will grow by +9% for local broadcast stations and by +18% for local cable advertising. Local cable TV advertising is made of commercials inserted locally in cable networks by Multichannel Video Providers Distributors ("MVPDs": cable, satellite, telco TV) carrying the signal. This is a relatively small part of local TV advertising today because the inventory is limited to two minutes per hour. However the geo-targeting capability of that format is even better than those offered by broadcast stations, especially since MVPDs have developed "household addressability", which is a particularly attractive feature for political advertisers. **Total television** (local and national, broadcast and cable), including P&O spend will grow by **+7% to $68.2 billion** this year.

Political Spending: A Record Year for Local TV

According to the Wesleyan Media Project, political advertising spend between January and Mid-May in 2016 was well ahead of previous election cycles. Presidential primaries have been very competitive on *both* sides, 480,000 ads were aired on national and local TV over this period, evenly split between Democrats and Republicans, compared to 218,000 in 2012 (when only Republicans were running Primaries) and 327,000 in 2008 (when both parties were running Primaries).

Both democratic candidates ran large TV campaigns and, perhaps surprisingly, Bernie Sanders was the bigger spender according to the Wesleyan Media Project using CMAG data. Amongst Republican candidates, Donald J. Trump spent much less than lead contenders in previous races as he didn't have a network of donors and Super PAC that his "establishment" rivals had at that stage in previous races.Trump relied on social media and "free" news airtime, although that was offset by the sheer number of competitors this year.

Looking forward, as most of the GOP rally's behind their nominee, we believe the level of spend in the general election will increase on previous cycles, and GOP donors who may be reluctant to support Donald J. Trump will likely transfer their support to congressional or gubernatorial races to secure the GOP's current majority.

Overall MAGNA expects the 2016 cycle to bring an incremental $3 billion dollars to local television media owners (93% of this to local broadcast stations) and $200 million to national TV. The grand total of $3.2 billion for television will represent an increase of 25% compared to 2014 cycle and 14% over the 2012 cycle.

Digital media advertising revenues grew by an impressive +20% last year to reach $59 billion. The 2015 growth was mostly being driven by video (+33% to $5.4 billion) and social media (+55% to $10.9 billion), while search remains the biggest format (+17% to $29.2 billion). Mobile-based advertising sales continued its explosive growth, increasing by +64% to reach $20 billion, i.e. one-third of total digital revenues.

In 2016, MAGNA expects digital media sales to again grow by double-digits (+15%) to $68 billion, equaling the market share of television (38%). By 2020, digital advertising sales will represent 51% of total US advertising at $104 billion, which is a 12% annual growth rate compared to 34% for linear television. Online video and social media formats will again show the strongest growth in 2016 with +34% and +41% respectively, while search advertising sales will grow by a robust +14%. Display banners will generate less advertising sales (-12%) due to the competition of more attractive formats and the rise of ad blockers. Mobile-based campaigns will generate 43% of digital advertising dollars in 2016 and then equal the advertising sales generated on fixed internet impressions as early as 2017. By the end of the decade, mobile will account for 69% of total digital advertising.

Linear **radio** ad sales are expected to decrease by -3.5% in 2016 to $14 billion. It will be the fourth year in a row that radio advertising sales decrease, suggesting that the medium has entered into a long-term erosion of advertising sales similar to the one experienced by print media. The decline of linear radio will be more gradual and less steep than that of print (-10% per year), but ultimately caused by similar factors: audience erosion, competition from digital media and challenged pricing power.

The overall reach and consumption of linear radio remain high overall, but younger targets are becoming harder to reach as they shift to digital audio streaming. **Digital audio advertising revenues represented approximately $2 billion dollars in 2015**, in MAGNA's estimates, evenly split between online streaming from traditional radio players, growing by +5% with advertising revenues of "pure players" (Pandora, Spotify, etc.) growing by +40%. Aggregating linear (legacy) radio adverting sales ($14.4 billion) and digital audio advertising ($2.2 billion), MAGNA estimates that the audio advertising market was stable in 2015, at $16.6 billion. Linear talk radio and popular hosts will remain relevant for local advertisers as long as people drive automobiles, but digital audio will continue to grow much faster than linear radio, representing 25% of the audio advertising market by 2020, compared to 16% today.

More than 90% of advertising revenues for both radio and newspapers come from local advertisers. These budgets have been under increasing pressure in the last few years because many local and regional businesses tend to consolidate nationally or join national franchises (retail, restaurants, etc.), local marketing budgets face the gravitational attraction of centralized budgets that would rather use digital media (for direct-response campaigns) and national media (for branding and awareness campaigns). This attraction is strengthens every year as national marketers can leverage, for instance, the increasing ability of digital and national media to geo-target, which results in local dollars gradually transferred to national budgets and hampers the sales of local media categories.

Print advertising sales will decrease yet again in 2016: newspapers will lose -11% to $12.5 billion, and magazines -10% to $8.3 billion. This represents print-based advertising sales only and does not account for the digital advertising revenues generated by newspaper and magazine publishers through their digital products and properties. Adding those revenues, multimedia advertising sales of "print" publishers would still decrease, but by a smaller margin (-4% in 2016).

OOH Media advertising sales grew by +4.6% in 2015 to $7.3 billion, driven by the organic growth of digital panels (+15%) providing better yield, more flexible placement opportunities and better audience measurement. Cinema advertising (+13%) was driven by strong movie releases and the introduction of TV-like trading metrics (GRPs). These innovations allow OOH and cinema to tap into branding budgets and TV budgets in a more significant way than ever before. OOH advertising sales (including cinema) grew by +3.3% in the first quarter; we expect a similar growth for 2016 (+3.2%) as OOH benefits from cyclical events, before a slowdown in 2017 (+2.7%).

Digital Media Will Account for Half of the World's Ad Sales by 2020

Globally, digital advertising increased by +18.3% in 2015 to $149 billion. It is expected to increase by double-digits again this: **+14.8% to $170 billion**. This is higher than previous expectations, following a strong first quarter in many large markets.

Because of the critical mass reached by digital media spend in most markets, growth rates will gradually slowdown in the following years (+12.5% in 2017), although digital will remain by far the fastest-growing media category. In 2016, digital will grow to represent **36% of total advertising budgets**, nearly matching TV's format-leading 37% share. As previously forecasted by MAGNA, **digital will then surpass TV and become the largest advertising category in 2017**. Digital advertising will grow by a CAGR of +12% through 2020, at which point it will represent $263 billion, or nearly half of global advertising spend.

Mobile is now the main driver of digital advertising, as usage quickly transitions towards mobile devices. Mobile advertising sales grew by +61% last year to reach $51 billion, representing just over one-third of total digital spend. Mobile advertising revenues will further increase by +42% in 2016 to reach 42% of total digital advertising sales, and with 2017's +30% growth, **mobile will approach half of total digital advertising budgets**. All digital growth in 2016 will come from mobile spend, with desktop actually shrinking by -0.3%. By 2020, mobile will represent two-thirds of total digital spend, and will grow by an average +28% CAGR through 2020.

Much of the growth in digital media spending comes from the growth of **programmatic spend**. Within banner display and video formats, programmatic spend will grow from $14.2 billion in 2015 to $19.5 billion in 2016, and ultimately to $36.8 billion by 2019. In 2015, programmatic transactions represented 31% of total banner display and video advertising sales, but by 2019 the growth of programmatic in video especially will push total penetration to 50%. This doesn't even consider the fact that search and social are already essentially 100% programmatic. When looking across all digital formats, the portion of digital budgets that are transacted programmatic through a technology platform is already approaching three quarters of total digital spend. The opportunity for advertisers and agencies to leverage consumer data and behavioral data in branding campaigns to achieve improved targeting and efficiency, is making display and video formats more attractive to some mainstream categories such as automotive, finance and CPG/FMCG, and thus contribute to the overall growth of digital media spend.

Paid Search remains the largest portion of digital advertising budgets, representing nearly half of total digital spend. In addition, 2016's expected growth rate of +14% (+2% desktop growth, +38% mobile growth) means that **search will again provide the largest total dollar increase year-over-year across all digital formats (nearly $10 billion globally).** This is after a strong first quarter, in which search grew by +17%. Search advertising alone will grow to $83 billion in 2016, larger than total print advertising spend (newspapers and magazines combined) which represents $70 billion. Search remains attractive and relevant in part thanks to the new functionalities that Google has introduced in the last 15 months, including the ability to bid for tablet and mobile impressions, as well as the introduction of "Remarketing Lists for Search Ads" and incorporating "Similar Audiences" targeting properties. This makes search more attractive for brand advertising, in addition to its core user base of "long tail" direct response marketers and local businesses. From the perspective of large, brand-oriented advertisers, these functions make it easier to incorporate unified audience targeting across search, display and video. Even in markets where Google is not dominant, such as in China, Baidu and other competitors are experiencing equally impressive growth.

Behind search advertising, **social** is the next largest driver of incremental dollars in digital advertising. **Social media advertising sales will grow by +38% in 2016 to $31 billion**, following 2015's +50% growth.

This is partially the result of a very strong first quarter, in which social media advertising sales grew by over +50% globally. Growth in 2017 will remain strong at just over +20%, and by the end of 2017 social will represent 20% of total digital advertising budgets. **Search and social combined represent 85% of total incremental dollars in digital advertising in 2016**. More than any digital format, social is driven by mobile usage. Not only will mobile advertising represent more than **80% of total social spend in 2016**, but essentially all of social growth comes from mobile. Desktop is expected to be barely positive in 2016, however, up from previous expectations that desktop spend would shrink. This is because the launch of Facebook video is lifting all ships as more valuable inventory is introduced. Having reached well over a billion users, social networks fueled advertising sales growth by increased time spent and increased revenue per user, driven by the roll-out of video in the last 18 months. In the US, we believe that video formats represented already 12% of total social media advertising sales in 2015 and is growing rapidly. *(Note: for the time being, and to avoid double-counting, social video advertising sales are included in our "Social" totals, and not in the "Video" totals in the MAGNA US main breakdown)* While **online video** advertising is still smaller than search and social, it is growing rapidly, with +35% growth expected in 2016 following a dynamic quarter (+42%). Online video is also driven by mobile advertising (as mobile bandwidth and mobile experiences both improve), desktop growth remains robust at +23% expected growth in 2016.

Display advertising brings up the tail-end of digital budgets, with slowing mobile display growth cancelling out negative desktop display growth in 2016. Over the long-term, display growth will shrink as advertisers favor more impactful search, social and video advertising inventory and display formats are impacted by growth in ad blocker usage.

The next Global Advertising Revenue Forecasts by MAGNA will be published in **December 2016.**

The next US Advertising Revenue Forecasts by MAGNA will be published in **August 2016.**

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About MAGNA

MAGNA is the centralized IPG Mediabrands resource that develops intelligence, investment, and innovation strategies for agency teams and clients. We utilize our insights, forecasts and strategic relationships to provide clients with a competitive marketplace advantage.

MAGNA harnesses the aggregate power of all IPG media investments to create leverage in the market, negotiate preferred pricing and secure premium inventory to drive maximum value for our clients. The MAGNA Investment and Innovation teams architect go to market investment strategies across all channels including linear television, print, digital, and programmatic on behalf of IPG clients. We focus on the use of emerging media opportunities, as well as data and technology-enabled solutions to drive optimal client performance and business results.

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

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ADDENDUM:

Table 1: Global Media Owner Advertising Revenues (2015-2017)

Traditional Media	2015	2016	2017	Digital Media	2015	2016	2017
Television	**171,972**	**179,482**	**178,394**	**Search***	**73,044**	**83,064**	**92,403**
Growth	-0.3%	4.4%	-0.6%	Growth	17.0%	13.7%	11.2%
Market Share	37.7%	37.3%	36.0%	Market Share	16.0%	17.3%	18.6%
Newspapers	**53,511**	**49,140**	**44,915**	**Online Video***	**13,135**	**17,682**	**23,775**
Growth	-9.1%	-8.2%	-8.6%	Growth	34.9%	34.6%	34.5%
Market Share	11.7%	10.2%	9.1%	Market Share	2.9%	3.7%	4.8%
Magazines	**22,627**	**20,905**	**19,059**	**Display***	**26,990**	**25,238**	**25,048**
Growth	-9.6%	-7.6%	-8.8%	Growth	3.1%	-6.5%	-0.8%
Market Share	5.0%	4.3%	3.8%	Market Share	5.9%	5.2%	5.1%
Radio	**29,460**	**29,394**	**29,112**	**Social***	**22,607**	**32,427**	**39,499**
Growth	0.5%	-0.2%	-1.0%	Growth	48.6%	43.4%	21.8%
Market Share	6.5%	6.1%	5.9%	Market Share	5.0%	6.7%	8.0%
Out-of-Home* **	**30,137**	**31,279**	**32,329**	**Other Formats***	**12,886**	**12,240**	**11,127**
Growth	4.1%	3.8%	3.4%	Growth	5.9%	-5.0%	-9.1%
Market Share	6.6%	6.5%	6.5%	Market Share	2.8%	2.5%	2.2%
Cinema	**2,690**	**2,782**	**2,862**	**Mobile****	**50,563**	**72,782**	**94,497**
Growth	11.1%	3.4%	2.9%	Growth	60.7%	43.9%	29.8%
Market Share	0.6%	0.6%	0.6%	Market Share	11.1%	15.1%	19.1%
Total Traditional	**307,707**	**310,201**	**303,810**	**Total Digital**	**148,663**	**170,652**	**191,852**
Growth	-2.2%	0.8%	-2.1%	Growth	18.3%	14.8%	12.4%
Market Share	67.4%	64.5%	61.3%	Market Share	32.6%	35.5%	38.7%
Grand Total	**456,371**	**480,853**	**495,662**				
Growth	3.6%	5.4%	3.1%				

Source: MAGNA INTELLIGENCE June 2016
* includes format ad sales on all digital platforms (desktop, tablets, smartphones)
** includes all format ad sales on mobile platforms only (tablets, smartphones)
*** excludes cinema ad sales

Table 2: US Media Owner Advertising Revenues (2015-2017)

Traditional Media	2015	2016	2017	Digital Media	2015	2016	2017
Television	**63,746**	**68,214**	**64,829**	**Search***	**29,180**	**33,152**	**37,063**
Growth	-3.5%	7.0%	-5.0%	Growth	17.2%	13.6%	11.8%
Market Share	37.9%	38.2%	35.9%	Market Share	17.4%	18.6%	20.5%
Newspapers	**14,014**	**12,505**	**10,983**	**Online Video***	**5,445**	**7,619**	**10,676**
Growth	-12.8%	-10.8%	-12.2%	Growth	33.6%	39.9%	40.1%
Market Share	8.3%	7.0%	6.1%	Market Share	3.2%	4.3%	5.9%
Magazines	**9,291**	**8,481**	**7,476**	**Display***	**8,466**	**6,688**	**6,041**
Growth	-12.7%	-8.7%	-11.8%	Growth	0.3%	-21.0%	-9.7%
Market Share	5.5%	4.7%	4.1%	Market Share	5.0%	3.7%	3.3%
Radio	**14,439**	**13,932**	**13,518**	**Social***	**10,892**	**15,641**	**18,357**
Growth	-2.5%	-3.5%	-3.0%	Growth	55.6%	43.6%	17.4%
Market Share	8.6%	7.8%	7.5%	Market Share	6.5%	8.8%	10.2%
Out-of-Home* **	**7,323**	**7,557**	**7,758**	**Other Formats***	**5,347**	**4,795**	**4,098**
Growth	4.6%	3.2%	2.7%	Growth	5.9%	-10.3%	-14.5%
Market Share	4.4%	4.2%	4.3%	Market Share	3.2%	2.7%	2.3%
Cinema	**716**	**746**	**774**	**Mobile****	**20,226**	**29,250**	**38,052**
Growth	13.4%	4.1%	3.7%	Growth	63.9%	44.6%	30.1%
Market Share	0.4%	0.4%	0.4%	Market Share	12.0%	16.4%	21.0%
Total Traditional	**108,812**	**110,688**	**104,564**	**Total Digital**	**59,329**	**67,895**	**76,236**
Growth	-5.0%	1.7%	-5.5%	Growth	20.0%	14.4%	12.3%
Market Share	64.7%	62.0%	57.8%	Market Share	35.3%	38.0%	42.2%
Grand Total	**168,141**	**178,584**	**180,800**				
Growth	2.5%	6.2%	1.2%				

Source: MAGNA INTELLIGENCE June 2016

* includes format ad sales on all digital platforms (desktop, tablets, smartphones)

** includes all format ad sales on mobile platforms only (tablets, smartphones)

*** excludes cinema ad sales

Chart 1: Advertising growth by Region (2016-2017)

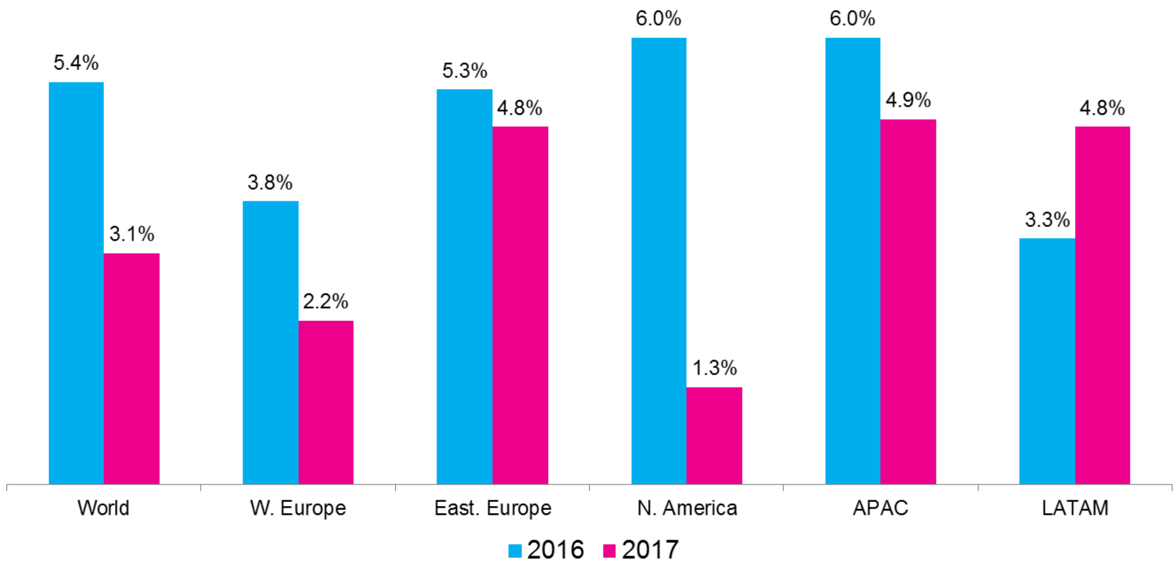

Chart 2: Advertising growth by Media (2016-2017)

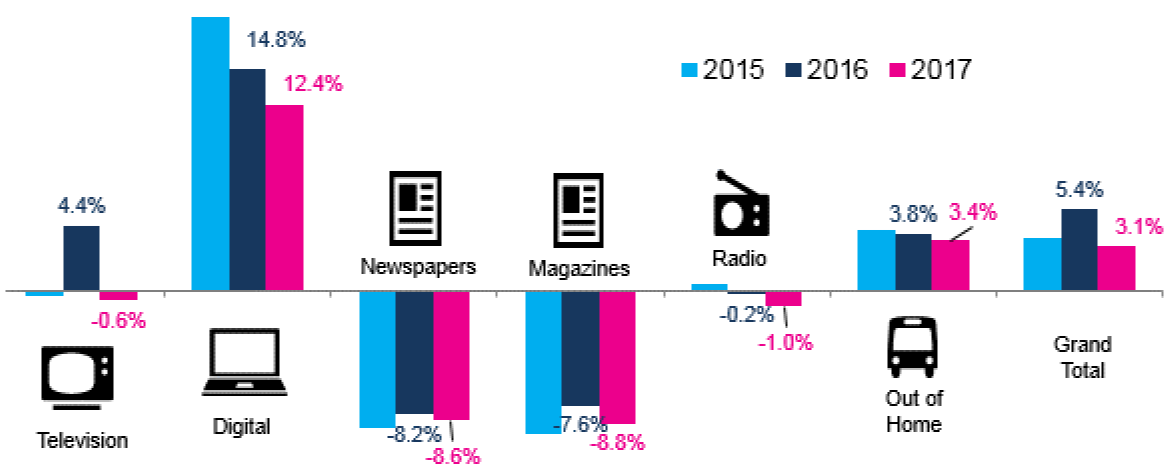

Chart 3: Top Ten Advertising Markets (2016-2017)

Rank	2016	$bn	2020	$bn
1	United States	179	United States	203
2	China	53	China	67
3	Japan	34	Japan	36
4	UK	26	UK	29
5	Germany	22	Germany	24
6	France	12	India	16
7	Brazil	12	Brazil	15
8	Canada	11	France	13
9	Australia	11	Australia	12
10	India	9	Canada	12

Chart 4: US Media Owners Advertising Growth (2016-2017)