



Needham & Company Annual Growth Conference

January 12, 2016





Safe Harbor Statements.

This presentation includes "forward-looking statements" within the meanings of the U.S. federal securities laws. Statements in this presentation that are not statements of historical fact and that concern future results from operations, financial position, economic conditions, product releases, and any other statement that may be construed as a prediction of future performance or events, including financial projections, new customers and growth in various products, are forward-looking statements that speak only as of the date made and which involve known and unknown risks, uncertainties and other factors which may, should one or more of these risks uncertainties or other factors materialize, cause actual results to differ materially from those expressed or implied by such statements. These factors include risks associated with DT Ignite adoption among existing customers (including the impact of possible delays with major carriers and OEM partners in the roll out for mobile phones deploying DT Ignite); actual mobile device sales and sell-through where DT Ignite is deployed is out of our control; new customer adoption and time to revenue with new carrier and OEM partners is subject to delays and factors out of our control; risks associated with fluctuations in the number of DT Ignite slots across US carrier partners; required customization and technical integration which may slow down time to revenue notwithstanding the existence of a distribution agreement; the challenges, given the Company's comparatively small size, to expand the combined Company's global reach, accelerate growth and create a scalable, low capex business model that drives EBITDA; challenges to realize anticipated operational efficiencies, revenue (including projected revenue) and cost synergies and resulting revenue growth, EBITDA and free cash flow conversion from the Appia merger; the impact of currency exchange rate fluctuations on our reported GAAP financial statements, particularly in regard to the Australian dollar; ability as a smaller company to manage international operations; varying and often unpredictable levels of orders; the challenges inherent in technology development necessary to maintain the Company's competitive advantage; such as adherence to release schedules and the costs and time required for finalization and gaining market acceptance of new products; changes in economic conditions and market demand; rapid and complex changes occurring in the mobile marketplace; pricing and other activities by competitors; pricing risks associated with potential commoditization of the Appia Core as competition increases and new technologies add pricing pressure; technology management risk as the company needs to adapt to complex specifications of different carriers and the management of a complex technology platform given the company's relatively limited resources, and other risks including those described from time to time in Digital Turbine's filings on Forms 10-K and 10-Q with the SEC, press releases and other communications. You should not place undue reliance on these forward-looking statements. The Company does not undertake to update forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

Use of Non-GAAP Financial Measures.

To supplement the Company's condensed historical financial statements and/or forward looking financials presented in accordance with U.S. Generally Accepted Accounting Principles ("GAAP"), Digital Turbine uses non-GAAP measures of certain components of financial performance. These non-GAAP measures include non-GAAP adjusted EBITDA. Furthermore, the expected GAAP and non-GAAP results for the twelve month period ended March 31, 2016 presented, if any, are subject to completion of the Company's year-end accounting processes, which include the finalization of the Company's provision for income taxes. Final results could also be affected by certain subsequent events. Non-GAAP measures are provided to enhance investors' overall understanding of the Company's current financial performance, prospects for the future and as a means to evaluate period-to-period comparisons. The Company believes that these non-GAAP measures provide meaningful supplemental information regarding financial performance by excluding certain expenses and benefits that may not be indicative of core business operating results. The Company believes the non-GAAP measures that exclude such items when viewed in conjunction with GAAP results and the accompanying reconciliations, if any, enhance the comparability of results against prior periods and allow for greater transparency of financial results. The Company believes non-GAAP measures facilitate management's internal comparison of its financial performance to that of prior periods as well as trend analysis for budgeting and planning purposes. The presentation of non-GAAP measures is not intended to be considered in isolation or as a substitute for, or superior to, the financial information prepared and presented in accordance with GAAP. Non-GAAP Adjusted EBITDA is calculated as GAAP net loss excluding the following cash and non-cash expenses: interest expense, foreign transaction gains (losses), debt financing and non-cash related expenses, debt discount and non-cash debt settlement expense, gain or loss on extinguishment of debt, income taxes, asset impairment charges, depreciation and amortization, stock-based compensation expense, change in fair value of derivatives, and fees and expenses related to acquisitions. Because Adjusted EBITDA is a non-GAAP measure that does not have a standardized meaning, it may not be comparable to similar measures presented by other companies. Readers are cautioned that Non-GAAP Adjusted EBITDA should not be construed as an alternative to net income (loss) determined in accordance with U.S. GAAP as an indicator of performance, which is the most comparable measure under GAAP.



Agenda

1

Market Trends

2

Our Products

3

Distribution & Footprint

4

Financial Highlights

Current market trends driving opportunity



Carriers and OEM's look for new sources of revenue from both advertising and data



Carriers search for relevance from a subscriber perspective (avoid the dumb pipe)



App economy is here to stay – 80%+ of content consumed on smartphones through apps
App discovery continues to be an issue for the ecosystem



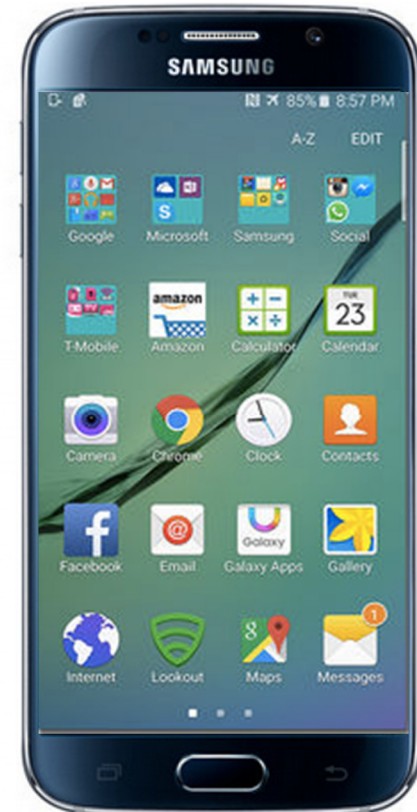
Content is king but distribution is the emperor
Mobile advertising is in it's infancy
Media spend over-indexed on traditional formats and significantly under-indexed on mobile



facebook® Parallel

Facebook is currently driving approximately \$3.3 billion in quarterly mobile ad revenue

- ✓ FB stock hits low of \$17.73 on September 4, 2012
- ✓ Launches app install ads on October 17, 2012
- ✓ Facebook now has generated over 1.2B downloads with ~1.4 billion mobile monthly active users

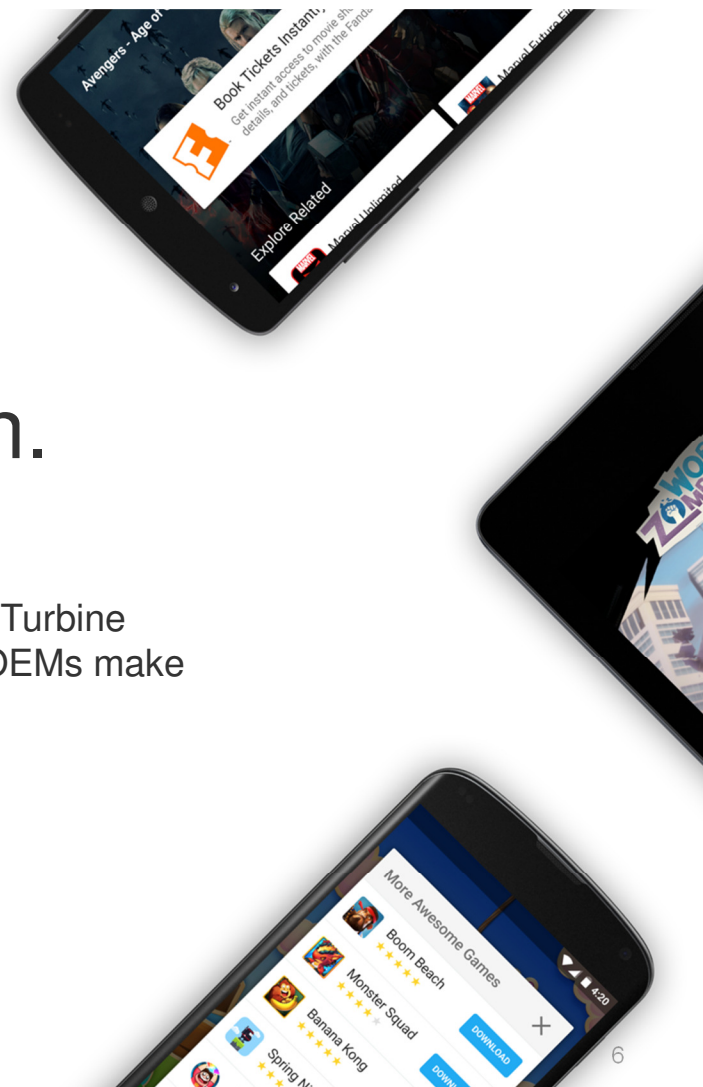


Source: Facebook Third Quarter 2015 Results



Our Mission: Right App. Right Person. Right Time.

Every day millions of android devices activate. Digital Turbine helps developers, advertisers, mobile operators and OEMs make the most of these new opportunities.

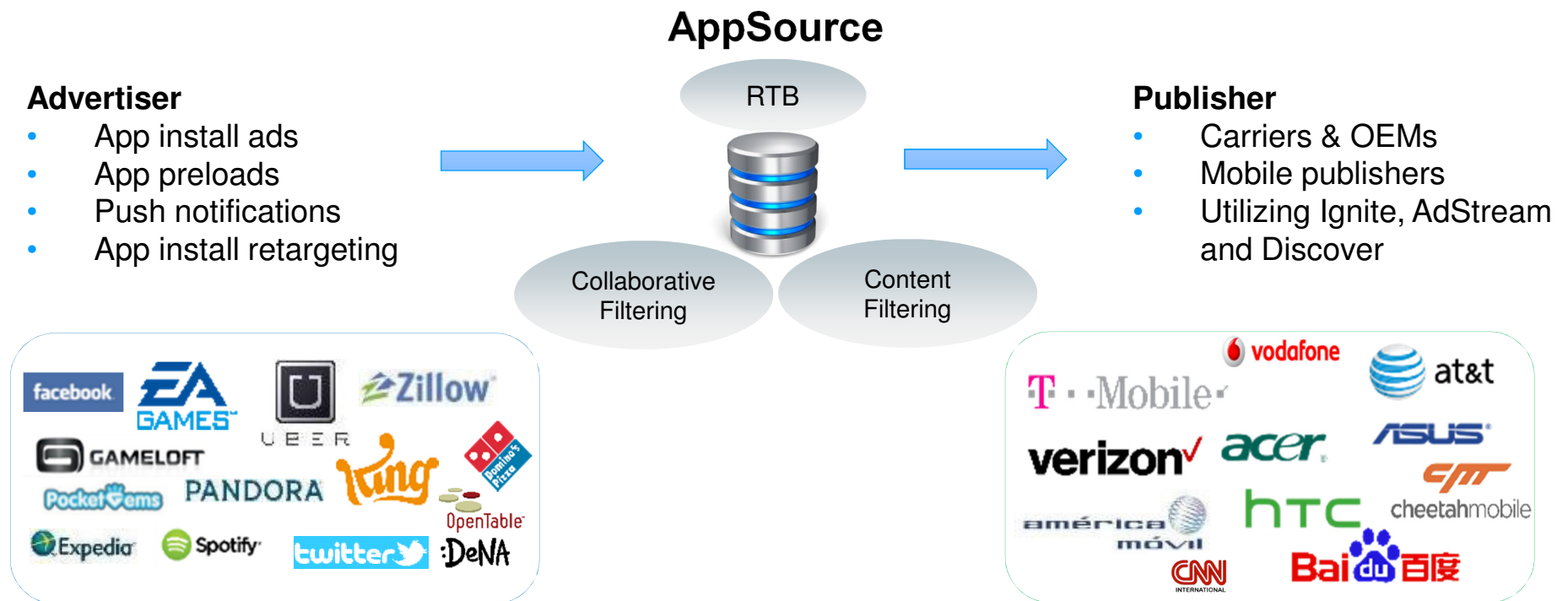




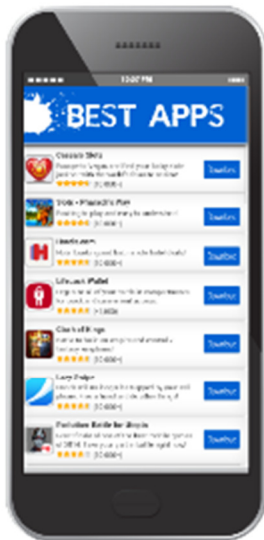
Five Products Across Our Two Operating Segments



AppSource is the engine and data science that enables app install recommendations, tracking, and optimization



Multiple Ad Types for AdStream User Acquisition Solution



App Wall

A simple, customizable and unobtrusive user experience



Native Ads

Fully customizable and seamlessly integrated



Display Ads

In-app or on mobile websites



Interstitials

Engage users with a full screen experience

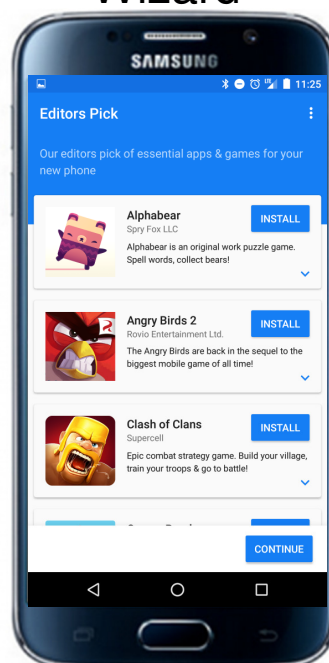
Evolution of Ignite App Delivery – *Multiple Go to Market Approaches*

Silent



verizon✓

Wizard



 at&t

SDK



américa
móvil

Additional demand beyond traditional carrier partners

While capitalizing on current opportunities we are working to leverage our products to meet marketplace trends

- Continued deployment with OEMs
- BYOD Ignite development for SIM cards
- Other connected devices including wearables, automobiles, and television





Signed contracts with major global players



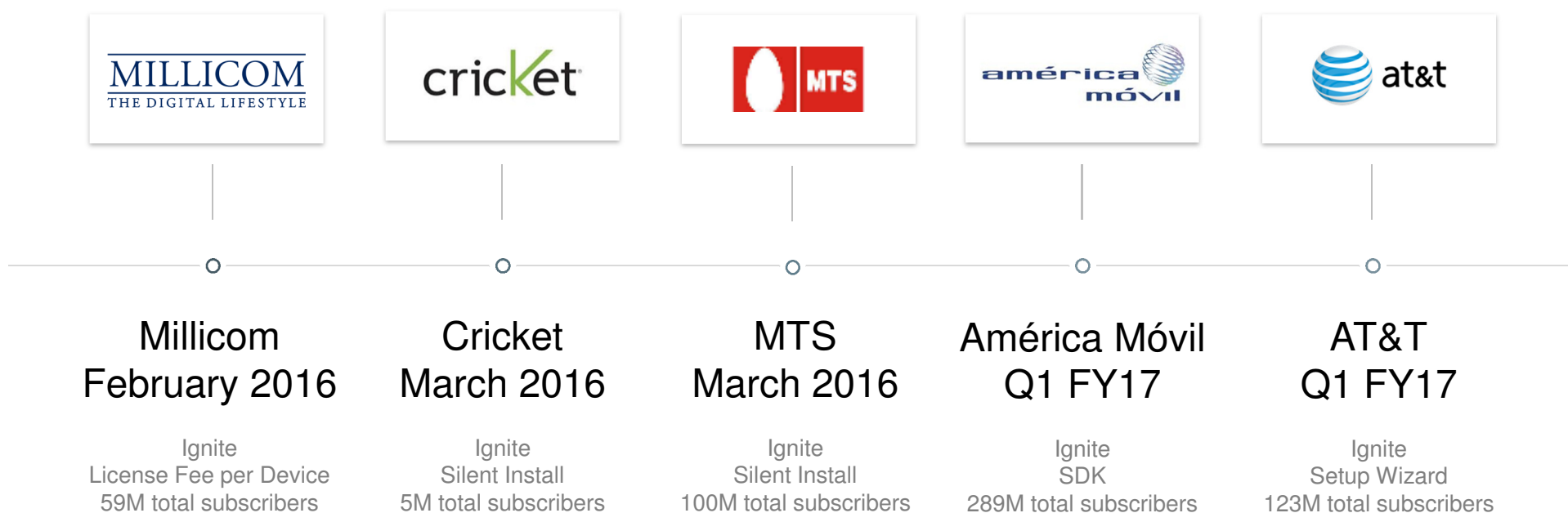
Partnered with 25+ mobile operators and OEM's



Major anchor tenants in key geographies

































Roadmap for deployment of new major distributor partners





Strong Demand for DT Media Advertising Inventory

Digital Turbine works with top tier Advertisers & Advertising Agencies including the top grossing apps on the App Store and Google Play

Travel				Retail			
Social				Music			
Real Estate				Entertainment			
Finance				Gaming			
Shopping				Agency			

Recognizing device revenue over time



Day
1

Device Sold Ignite Activated

CPP campaign @ \$0.40
Immediate revenue recognition
on CPP campaign of \$0.40

CPI campaign @ \$2.00
Revenue recognition on CPI
campaign of \$0.00 at device sale

Day
60

Attribution Complete

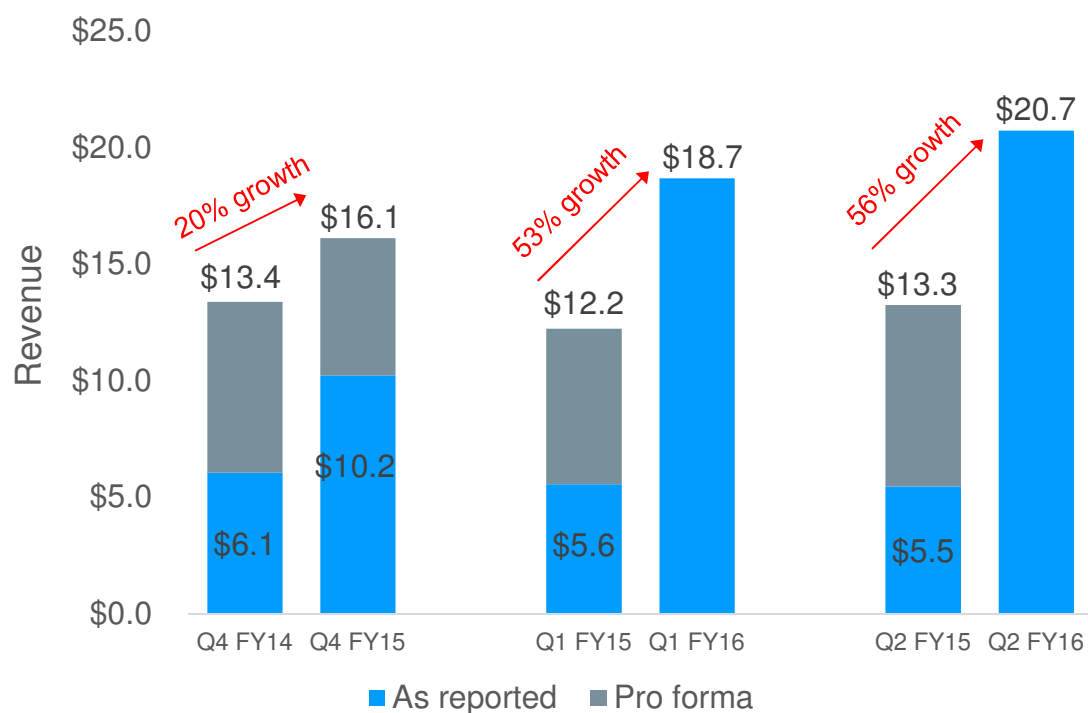
No additional revenue recognition on
CPP over attribution window

20% CPI conversion rate over
attribution window
Revenue recognition on CPI of \$0.40
over attribution window



Step change in quarterly revenue – meaningful sequential growth

(\$ in millions)

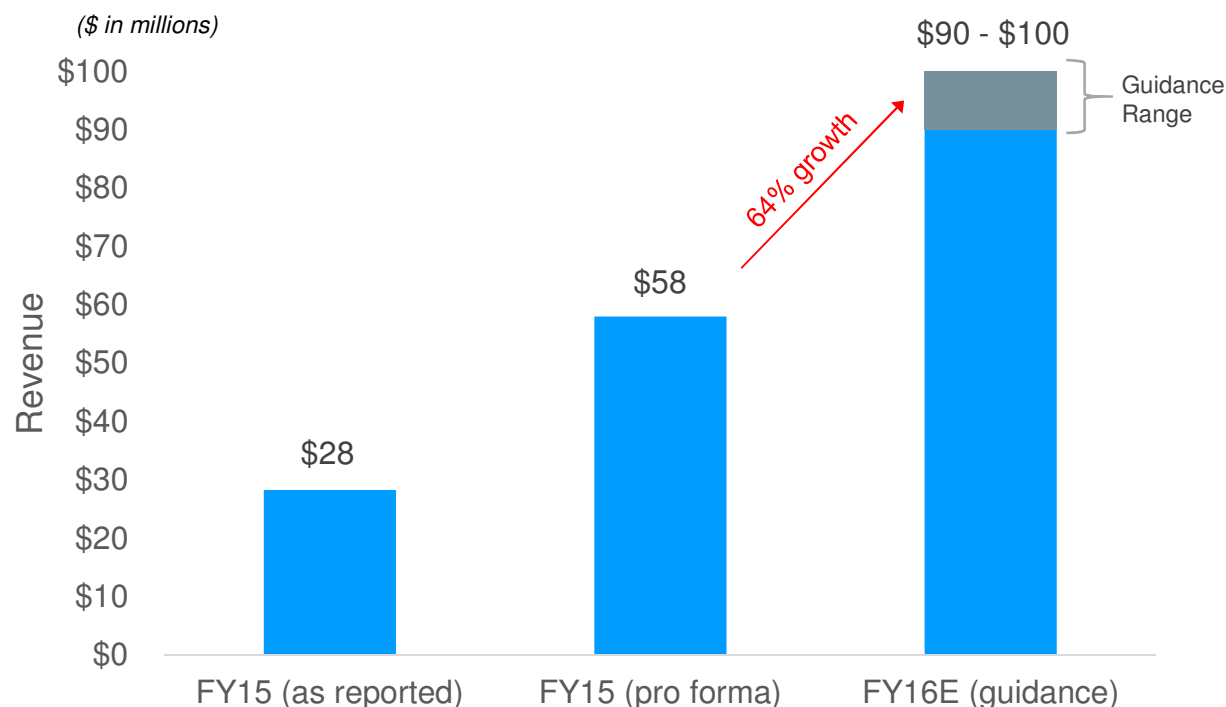


FY16 highlights:

- DT Media revenue growing from \$1M pro forma in Q4 FY15 to \$3.2M and \$4.1M respectively in Q1 and Q2 FY16
- Highest ad stream revenue in history in Q2 FY16
- Consistent contribution from Content business



FY 2016 Full Year Guidance



FY16 Guidance:

- Revenue to be in the range of: \$90M - \$100M
- Positive Non-GAAP adjusted EBITDA for fiscal Q4
- Revenue growth approximately 40% in Second Half versus First Half FY16
- DT Media revenue to grow up to approximately 200% in Second Half versus First Half FY16

Business Outlook – Q4 FY16

Fiscal 2016 outlook over the remainder of Q4

- Continued organic DT Media growth in Q4 FY16 driven by:
 - Full quarter of 8 slots on US Carrier partners
 - Continued accretion in yield per device to over \$2 per device
 - Launch of announced new customers
 - Potential launch of new material devices on existing distribution partners
- Revenue supported by a stable, predictable base from AdStream and Content
- Stable cash operating expenses driving profitability on an Adjusted EBITDA basis for Q4 FY16

Business Outlook – FY 2017

Looking to FY 2017

- Positive quarter over prior year quarter results from large US distribution partners through higher device penetration
- Onboarding of new distribution partners including América Móvil, AT&T and a more meaningful contribution from MTS, Millicom and Cricket
- Growth in Appia Core driven by increased focus and effort internationally as well as RTB
- Growth in DT Content driven by continued penetration of DT Pay customers in the pacific rim and Australia and new Content business opportunities in SE Asia



Thank You



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