Marin SOFTWARE

The Performance Advertising Cloud

# Investor Overview

January 2017



# Safe Harbor

This presentation contains forward-looking statements including, among other things, statements regarding Marin's business, impact of investments in product and technology on future operating results, progress on product development efforts, product capabilities and future financial results, including its outlook for the fourth quarter of 2016. These forward-looking statements are subject to the safe harbor provisions created by the Private Securities Litigation Reform Act of 1995.

Actual results could differ materially from those projected in the forward-looking statements as a result of certain risk factors, including but not limited to our ability to grow sales to new and existing customers; our ability to expand our sales and marketing capabilities; our ability to retain and attract qualified management and technical personnel; delays in the release of updates to our product platform or new features; competitive factors, including but not limited to pricing pressures, entry of new competitors and new applications; quarterly fluctuations in our operating results due to a number of factors; inability to adequately forecast our future revenues, expenses, Adjusted EBITDA, cash flows or other financial metrics; delays, reductions or slower growth in the amount spent on online and mobile advertising and the development of the market for cloud-based software; progress in our efforts to update our software platform; adverse changes in our relationships with and access to publishers and advertising agencies; level of usage and advertising spend managed on our platform; our ability to expand sales of our solutions in channels other than search advertising; any slow-down in the search advertising market generally; shift in customer digital advertising budgets from search to segments in which we are not as deeply penetrated; the development of the market for digital advertising; acceptance and continued usage of our platform and services by customers and our ability to provide high-quality technical support to our customers; material defects in our platform including those resulting from any updates we introduce to our platform, service interruptions at our single third-party data center or breaches in our security measures; our ability to develop enhancements to our platform; our ability to protect our intellectual property; our ability to manage risks associated with international operations; the impact of fluctuations in currency exchange rates, particularly an increase in the value of the dollar; near term changes in sales of our software services or spend under management may not be immediately reflected in our results due to our subscription business model; adverse changes in general economic or market conditions; and the ability to acquire and integrate other businesses, including our acquisitions of Perfect Audience and SocialMoov.

These forward-looking statements are based on current expectations and are subject to uncertainties and changes in condition, significance, value and effect as well as other risks detailed in documents filed with the Securities and Exchange Commission, including our most recent report on Form 10-K, recent reports on Form 10-Q and current reports on Form 8-K which we may file from time to time, all of which are available free of charge at the SEC's website at www.sec.gov. Any of these risks could cause actual results to differ materially from expectations set forth in the forward-looking statements. All forward-looking statements in this presentation reflect Marin's expectations as of November 9, 2016. Marin assumes no obligation to, and expressly disclaims any obligation to update any such forward-looking statements after the date of this presentation.

# Marin Software at a Glance

Leading Ad Cloud enabling audiences across search, social and display

**Billions**
Ad spend managed on the Marin platform ($USD)

**#1 SaaS Ad Cloud**
**Global leader in search, only independent vendor to combine search, social and display through synchronous audiences**

**Worldwide Revenues Split**
**67% U.S. vs 33% int'l**

**44%**
of Fortune 100
use Marin

FORTUNE 100

**2015 Revenues**
**$108.5 million**

**2015 Non-GAAP Gross Profit Margin**
**68%**

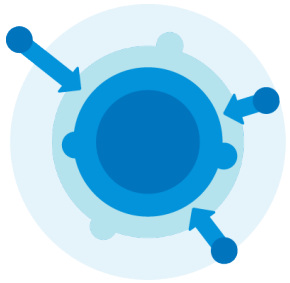
Note: Worldwide revenues split based on 2015 reported revenues. See Appendices for GAAP to Non-GAAP reconciliation and definition of Non-GAAP Gross Profit Margin

# 25 Publishers Capture the Majority (80%+) of Marketing Investment*




*Source: IAB Internet Advertising Revenue Report

# Industry Trends are Accelerating



Supply getting more concentrated



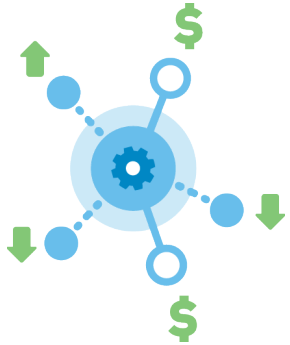
Consumer shift to mobile



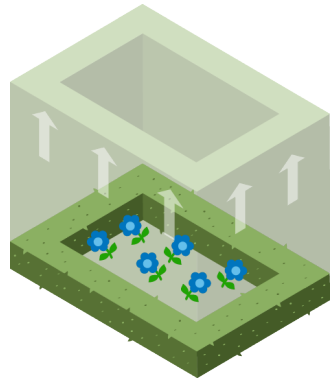
Ads becoming more native and served by publisher



Publisher data becoming more proprietary



Shift to programmatic buying and platforms



Walled garden walls getting taller

# Where Digital Advertising Starts



Search

Google bing

YAHOO! JAPAN Baidu 百度



Social

facebook



twitter



Display

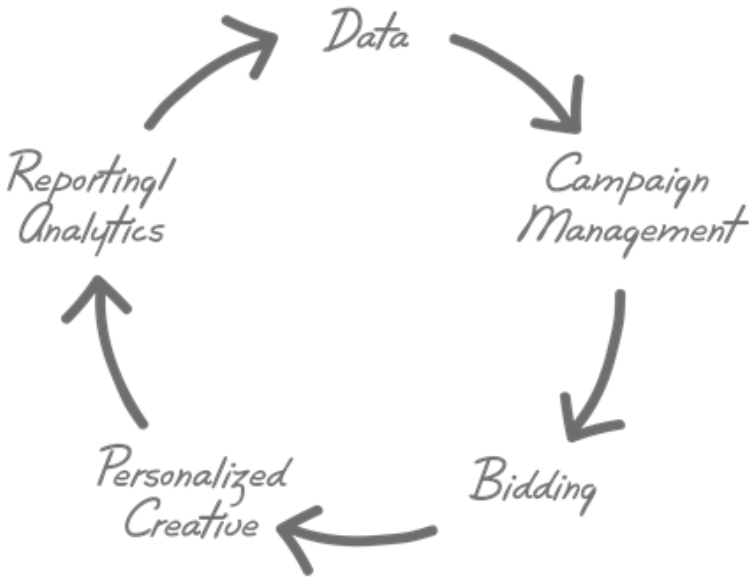
YAHOO! doubleclick ad exchange by Google Aol.

rubicon PROJECT PubMatic amazon.com

smaato msn CBS

comcast

# A Problem Exists…




Search

Google bing YAHOO! JAPAN Baidu 百度

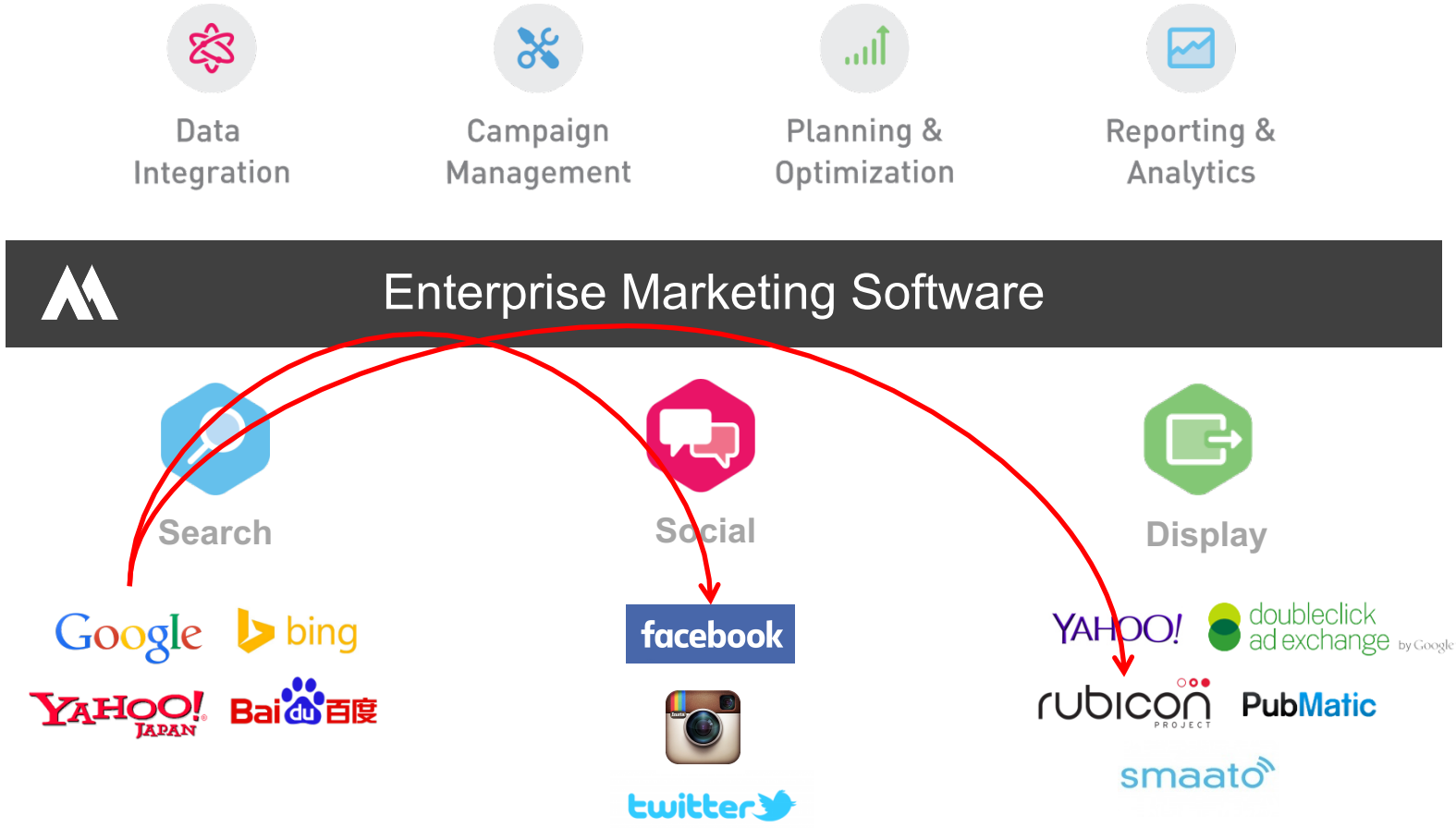
Social

facebook twitter

Display

YAHOO! doubleclick ad exchange Aol. rubicon PubMatic amazon.com smaato msn CBS comcast

# Turning Complexity Into Opportunity



# Blue-Chip Advertisers and Top Digital Agencies

Billions in annualized spend under management from diversified customer base

## Direct Advertiser Base

| | % Revenues | |
|---|---|---|
| Retail | 22% | Richemont, LVMH, P&G, Gap, The Home Depot, dyson |
| Travel / Entertainment | 16% | The Walt Disney Company, TravelClick, Comcast, Starwood Hotels and Resorts, Virgin America |
| Technology | 13% | Symantec, AT&T, Microsoft, DELL, facebook |
| Finance | 12% | citi, Vanguard, charles SCHWAB, JPMorgan Chase & Co., American Express |
| B2B Services | 10% | accenture, DELUXE, BUSINESS.COM, RECRUIT |
| Auto | 6% | Volkswagen, RENAULT, NISSAN, FIAT, AAA, TRUECar |
| Other | 21% | Johnson & Johnson, Kaiser Permanente, Pfizer, ancestry, MERCK |

## Top Digital Agencies

DRAFTFCB, 3 DIGITAL, OmnicomGroup, neo Ogilvy, razorfish, Performics, Starcom, Optimedia The ROI Agency, Harvest, webtrends, ROSETTA, MINDSHARE, resolution, MEC, VIVAKI, AKQA, path interactive, BKV

Note: Represents current customers in Q3 2016; Other includes: Education, Healthcare, Industrial / Manufacturing, Non-profit / Government and Real Estate (all 5% of revenues or less)

# Customer Success Examples

## Proven Time Savings

- 40% decrease in time spent on campaign optimization — vistaprint
- 40% reduction in time spent on reporting and bidding — SurveyMonkey
- 80% reduction in time spent reporting — starwood Hotels and Resorts
- 50% reduction in time spent managing campaigns — Symantec

## Proven Financial Lift

- 83% lift in ROAS and 136% increase in revenue from long tail campaigns — GAP
- 78% increase in lead volume — blue of california
- 46% increase in brochure downloads
  36% decrease in cost per conversion — PEUGEOT
- 111% improvement in ROI
  29% increase in bookings
  51% decrease in cost per booking — easyJet

# Large Addressable Digital Advertising Market

## Digital media is an increasing share of the total market

***Mobile** based advertising is expected to grow from 41% of total digital media spend in 2016E to 65% in 2020E*




**Search** is $86 billion in 2016E growing to $125 billion in 2020E (10% CAGR)

**Display + Video** is $50 billion in 2016E growing to $82 billion in 2020E (13% CAGR)

**Social** is $31 billion in 2016E growing to $61 billion in 2020E (21% CAGR)

Source: Magna Global, Advertising Forecasts, Oct 2015. “Marin Today” represents annualized ad spend under management as of December 31, 2015, based on last month of the year and as announced on February 18, 2016

# Marketing Cloud Landscape

The advertising cloud is the revenue driver of the marketing cloud

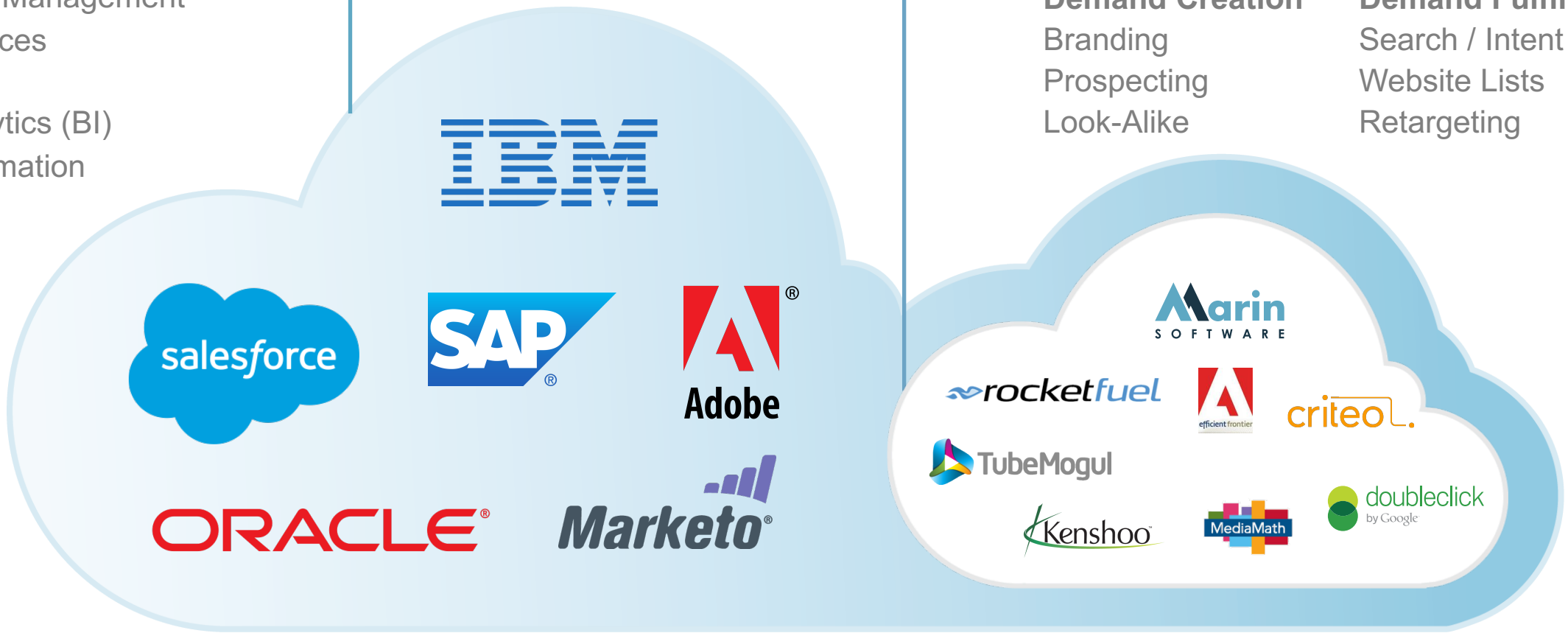
## Marketing Cloud

Data Management
Services
CRM
Analytics (BI)
Automation

## Advertising Cloud

**Demand Creation**
Branding
Prospecting
Look-Alike

**Demand Fulfillment**
Search / Intent
Website Lists
Retargeting

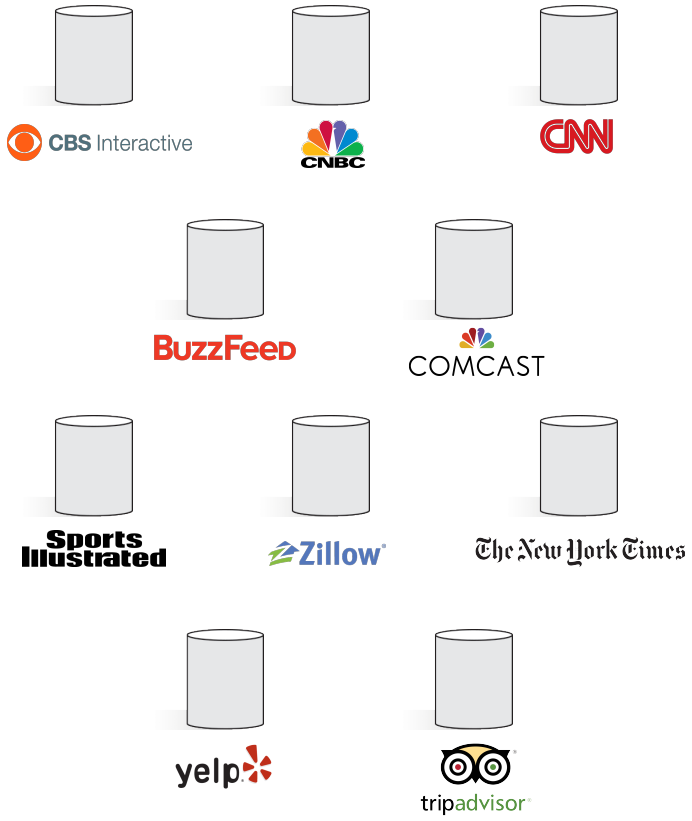


# The Evolution of Digital Advertising

criteo YuMe rubicon PROJECT rocketfuel

## Traditional Ad Tech

- Licensed Technology
- 3rd Party Ad Servers
- Exposure to Ad Blockers
- Managed Services
- Media Arbitrage
- Standard Ad Units
- Viewability Issues
- Point solutions

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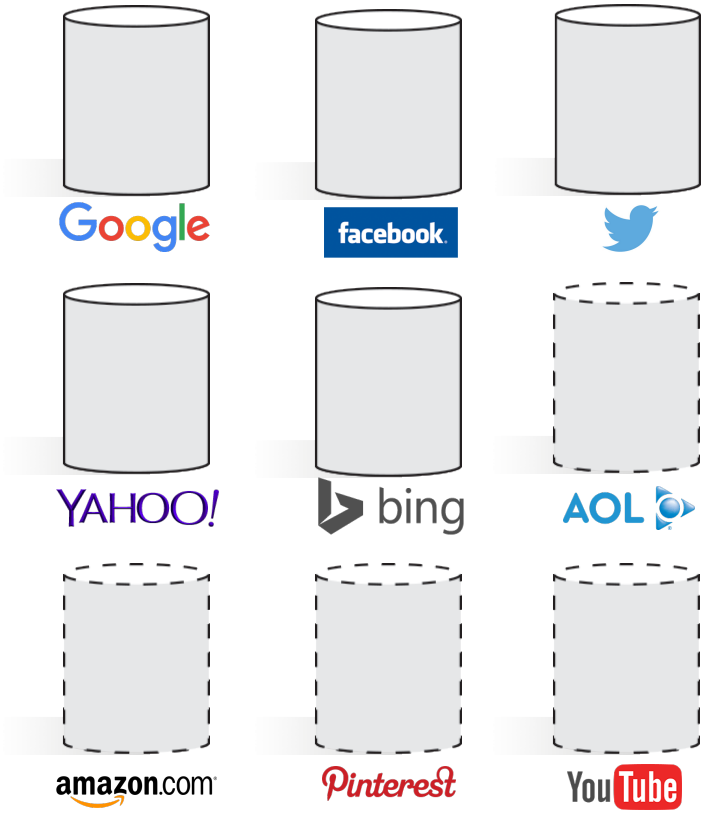
## The Ad Cloud

- Proprietary Pub Tech
- Pub Ad APIs
- Proprietary Pub Data
- Programmatic Buying
- Transparency/Control
- Native Ads
- Cross-Channel



# Room for Growth as New Channels Develop

Data Integration

Campaign Management

Planning & Optimization

Reporting & Analytics

Personalized Creative

## Enterprise Marketing Software

### Search
Google
Bing
YAHOO!
Baidu 百度

### Social
facebook
Instagram
LinkedIn
Pinterest

### Display
Google
YAHOO!
Aol.
msn
CBS
comcast
outbrain

### Shopping
Google
Bing
facebook

### Video
YouTube
hulu
amazon
NETFLIX
YuMe
BrightRoll

### Television
abc
CBS
COMCAST
FOX
HBO

### Out of Home
Clear Channel Airports
CNN
Elevate Digital Media
Intersection
JCDecaux
OUTFRONT media
Ziosk

### Radio
Clear Channel
CUMULUS
SIRIUS SATELLITE RADIO
XM SATELLITE RADIO

### IoT

# Q3 2016 Highlights

## Non-GAAP Gross Profit Margin 69%

## Operating Cash Flows of $2.7 Million

- ~$5.0 million year-to-date

## Innovation

- Released full support for upgraded URLs for both Yahoo! Japan and Bing Ads
- Released full reporting and management capabilities for Bing Ads Expanded Text Ads
- Released support for Facebook's Dynamic Ads for Travel

## Financial Results

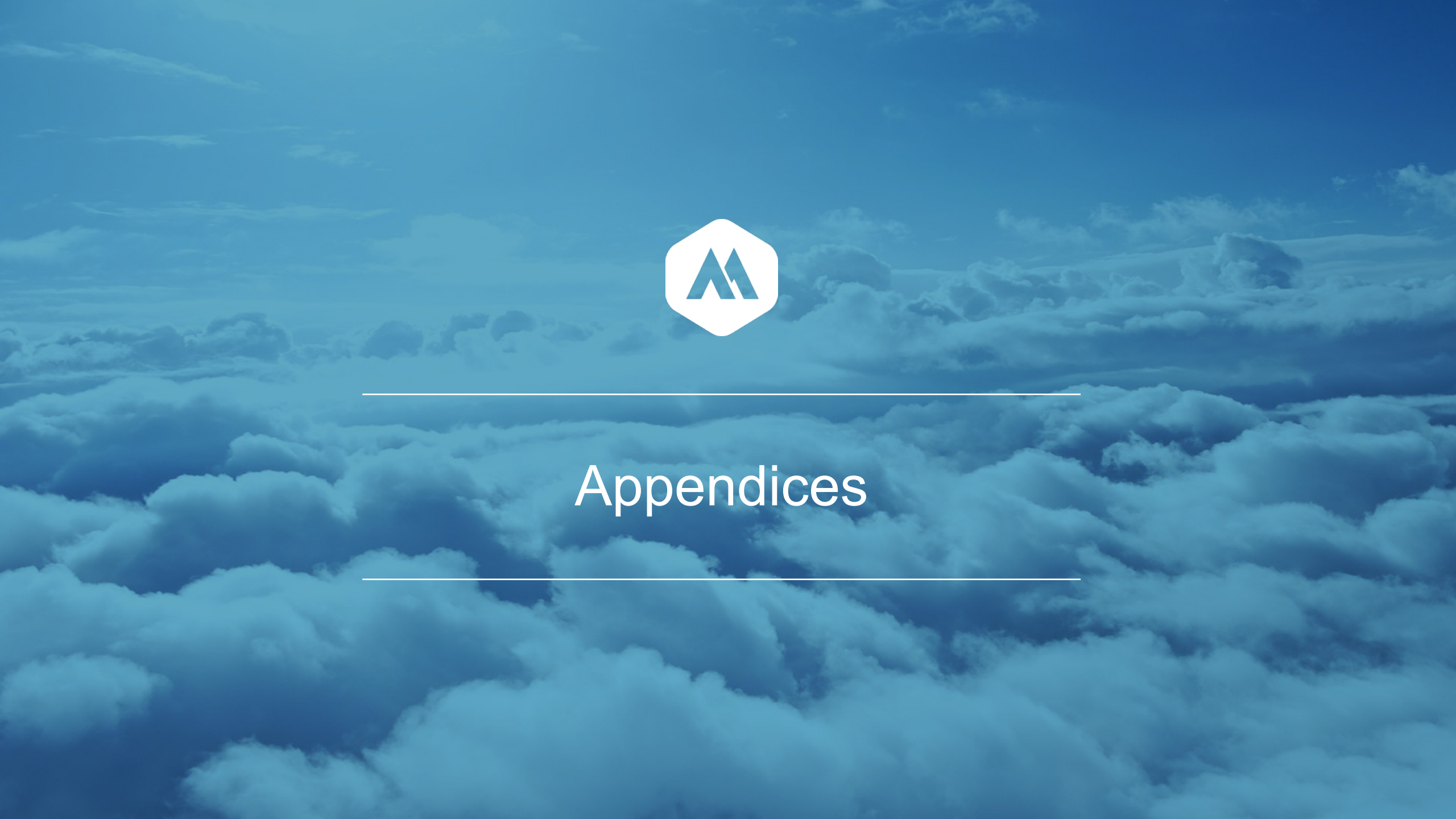
- Revenues of $23.9 million
- Positive operating cash flows of $2.7 million
- Cash balance of $36.4 million

## Diversified Revenues

- 69% domestic / 31% international
- 59% direct advertisers / 41% agency
- No direct customer greater than 2% of revenues

Note: All financial highlights made as of November 9, 2016 and as disclosed on Form 8K filed November 9, 2016. Marin undertakes no obligation to update any projections
See Appendices for GAAP to Non-GAAP reconciliation and definitions


Thank You



# Appendices

# Balance Sheet Summary

| ($ in Millions, except ratio presentation) | September 30, 2016 | June 30, 2016 | December 31, 2015 |
|---|---|---|---|
| **Cash and Cash Equivalents** | $36.4 | $35.4 | $37.3 |
| **Net Assets** | $91.5 | $92.6 | $94.1 |
| **Working Capital** [1] | $47.3 | $47.5 | $47.5 |
| **Adjusted Quick Ratio** [2] | 4.14 | 3.84 | 3.76 |

[1] Computed as the difference of current assets and current liabilities, as presented in the latest Form 10-Q filed with the SEC on November 9, 2016

[2] A ratio of quick assets (cash and cash equivalents and accounts receivables) to current liabilities, as presented in the latest Form 10-Q filed with the SEC on November 9, 2016

# Cross-Publisher Marketing Features

## Helps launch and manage campaigns across publishers at scale

Google

Bing

YAHOO!

Coremetrics An IBM Company

LiveRamp an acxiom company

adMarketplace



Enterprise Platform

Streamline cross channel campaign management and reporting

Automatically optimize bids based on performance

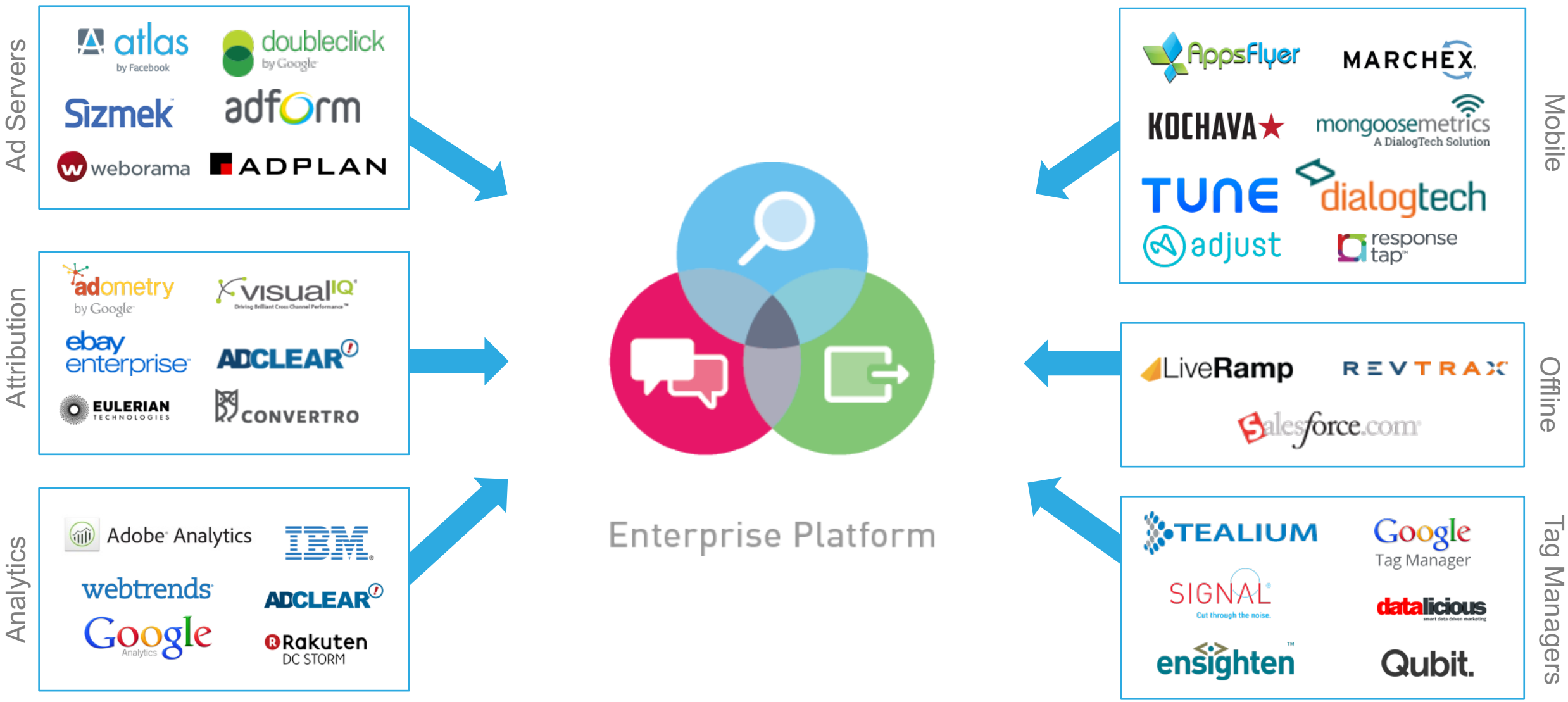
30 – 60% TIME SAVINGS
FOR REPORTING

20 – 50% TIME SAVINGS
FOR CAMPAIGN MANAGEMENT

10 – 15% IMPROVEMENT
FOR FINANCIAL PERFORMANCE

Averages across Marin client base

# Proven, Open Architecture



# Non-GAAP Reconciliations

# GAAP to Non-GAAP Reconciliation: Q2 2016 and Fiscal Year 2015

($ in millions)

| | Q3'16 | Q2'16 | Q1'16 | FY 2015 |
|---|---|---|---|---|
| **Revenues** | **$24.0** | **$25.8** | **$27.2** | **$108.5** |
| **Gross Profit (GAAP)** | **$15.3** | **$16.9** | **$18.0** | **$68.4** |
| Plus Stock-based Compensation | 0.3 | 0.3 | 0.4 | 1.2 |
| Plus Amortization of Cap'd R&D / Intangible Assets | 1.0 | 1.0 | 1.0 | 3.6 |
| Plus Restructuring related expenses | 0.0 | 0.2 | - | 0.2 |
| **Non-GAAP Gross Profit** | **$16.7** | **$18.3** | **$19.4** | **$73.3** |
| **Non-GAAP Gross Margin** | 69% | 71% | 71% | 68% |
| | | | | |
| **Operating loss (GAAP)** | **($3.2)** | **($4.5)** | **($4.1)** | **($32.4)** |
| Plus Stock-based Compensation | 1.8 | 2.9 | 3.8 | 15.6 |
| Plus Amortization of Cap'd R&D / Intangible Assets | 1.5 | 1.5 | 1.5 | 5.7 |
| Plus Acquisition Related Costs | - | 0.0 | 0.0 | 0.6 |
| Plus Restructuring related expenses | 0.0 | 0.4 | - | 1.2 |
| Less Cap'd R&D Costs | (1.2) | (1.4) | (1.5) | (5.6) |
| **Non-GAAP Operating loss** | **($1.0)** | **($1.0)** | **($0.2)** | **($14.9)** |
| | | | | |
| **Net Loss (GAAP)** | **($3.1)** | **($4.4)** | **($4.4)** | **($33.3)** |
| Plus Stock-based Compensation | 1.8 | 2.9 | 3.8 | 15.6 |
| Plus Amortization of Cap'd R&D / Intangible Assets | 1.5 | 1.5 | 1.5 | 5.7 |
| Plus Non-cash Expense Related to Warrants | 0.0 | 0.0 | 0.0 | 0.0 |
| Plus Acquisition Related Costs | - | 0.0 | 0.0 | 0.6 |
| Plus Restructuring related expenses | 0.0 | 0.4 | - | 1.2 |
| Less Cap'd R&D Costs | (1.2) | (1.4) | (1.5) | (5.6) |
| **Non-GAAP Net Loss** | **($0.8)** | **($0.9)** | **($0.6)** | **($15.7)** |

Non-GAAP loss from operations and non-GAAP net loss per share excludes the effects of stock-based compensation, amortization of internally developed software, amortization of intangible assets, noncash expenses related to warrants, non-recurring costs associated with acquisitions and restructurings, and capitalization of internally developed software