



WhiteSmoke reports strong growth in the third quarter of 2016:

Presents increase of 664% in revenues with growth of 4,279% in operating income

The provider of video and mobile advertising and marketing services reports strong growth in income and a sharp decrease in net losses, primarily as a result of growth in income from video advertising following the completion of the acquisition of the operations of GMS Digital Ltd. at the beginning of the quarter.

Itay Meroz, WhiteSmoke CEO: “We intend to continue focusing on our growth areas, especially video and web advertising, with the goal of maintaining a high growth rate in income as well as improving profitability. We continue to evaluate acquisitions of synergic companies and operations which are connected to our current areas of operations, with the goal of continuing our efforts of increasing shareholder value.”

Tel Aviv, November 15, 2016, WhiteSmoke (WhiteSmoke. TLV: WSMK), a global Israeli Corporation in the business of web and mobile marketing and advertising, reports financial results for the 3rd quarter and the first 9 months of 2016. The results reflect rapid growth in income, improved profitability and augmentation of income sources.

Financial Highlights for Q3 2016

- **Revenues totaled 17.4 million NIS, an increase of 664% compared to the same quarter in 2015.**



- Operating income totaled 2.7 million NIS, an increase of 4,279% compared to the same quarter in 2015.
- A sharp reduction in loss: net loss during the quarter totaled 345 thousand NIS, compared to a net loss of 2.8 million NIS in the same quarter in 2015.
- Adjusted EBITDA of 2.7 million NIS, growth of 960% compared to the same quarter in 2015
- Operating cash flow of 1.2 million NIS, an increase of 286% compared to the same quarter in 2015.
- Total cash holdings of 6.2 million NIS.

Itay Meroz, CEO, WhiteSmoke: “The results of the 3rd quarter reflect the implementation of our strategy of focusing on activities in growth areas and varying our income sources, and to wit in the 3rd quarter, 40% of income originated from video operations (acquisition we had completed at the beginning of the quarter). This is the first quarter in a number of years in which the company’s revenues have increased, while reducing the dependence on one main client or partner. In light of this and compared to the same quarter last year, revenues during the quarter increased at a rapid pace and led to a significant improvement in profitability and a sharp reduction in the company’s net loss”.

“In the current quarter, we have amortized our full investment in Kibo and it is no longer material to us, so our share of the losses during the next quarters will be insignificant”.

“We intend to continue focusing on our growth areas, especially advertising on video and the web, with the goal of maintaining a high pace of profits as well as improving profitability. We continue to examine acquisitions of synergic companies and operations which are tied to our current areas of activity, with the purpose of continuing our efforts of increasing shareholder value.”

The company’s revenues during the 3rd quarter of 2016 totaled 17.4 million NIS, an increase of 664% compared to 2.3 million NIS in the same quarter of last year. The increase in revenues



during the quarter, compared to the same quarter last year was primarily a result of growth in income due to maximization referrals of end-users to search results as part of the company's material agreement with CodeFuel and from the purchase of video advertising operations (GMS) at the start of the quarter. The company's revenues during the first 9 months of 2016 totaled 37.1 million NIS, an increase of 231% compared to 11.2 million NIS during the same period last year. Growth during this period, compared to the same period of last year, was also a result of the reasons mentioned above.

Operating profit during the 3rd quarter of 2016 totaled 2.7 million NIS, an increase of 4,279% compared to the operating profit of 61 thousand NIS during the same quarter last year. The operating profit margin during the quarter came in at 15.3% compared to 2.7% during the same quarter last year. The operating profit during the first 9 months of 2016 totaled 5.5 million NIS, an increase of 5,861% compared to an operating profit of 92,000 NIS during the same period last year. The operating profit margin during the first 9 months of 2016 came in at 14.8%, compared to 0.8% during the same period last year.

The company reports a sharp reduction in losses. Net losses during the 3rd quarter of 2016 came in at 345 thousand NIS, compared to net losses of 2.8 million NIS in the same quarter last year. The net loss during the first 9 months of 2016 totaled 2.2 million NIS, compared to losses of 7.5 million NIS during the corresponding period last year.

Adjusted EBITDA during the 3rd quarter of 2016 totaled 2.7 million NIS, an increase of 960% compared to 259,000 NIS during the same period last year. EBITDA during the quarter came in at 15.8%, compared to 11.3% in the corresponding period last year. **Adjusted EBITDA in the first 9 months of 2016** totaled 5.8 million NIS, an increase of 438% compared to 1.1 million NIS during the same period last year. Adjusted EBITDA during the first 9 months of 2016 came in at 15.6% compared to 9.6% during the same period of last year.

Net operating cash flow during the 3rd quarter of 2016 totaled 1.2 million NIS, growth of 286% compared to operating cash flow of 312 thousand NIS during the same period last year.



Net operating cash flow during the first 9 months of 2016 came in at 0.6 million NIS, compared to negative operating cash flow of 1.4 million NIS. Total cash holdings totaled 6.2 million NIS.

About WhiteSmoke

WhiteSmoke (WhiteSmoke. TASE: WSMK) is a global Israeli Corporation which provides marketing and advertising services on web and mobile. The company offers digital advertising services using video on digital media channels, which include mobile applications and websites. Operations include acquiring advertising spaces using various digital media methods, while optimizing them to maximize the effectiveness and focus of the advertising. WhiteSmoke's operations in the field of marketing and advertising online includes referring users to search results from the world's leading search engines, through strategic cooperations with leading partners in the field. WhiteSmoke also develops, markets and distributes software and applications for correcting and upgrading writing in English, under the WhiteSmoke brand. The company was founded in 2002 and is currently managed by Itay Maroz. WhiteSmoke offices are located in Ramat Ha'Hayal, Tel Aviv.