



RUBICON PROJECT
Q3 2016 FINANCIAL
HIGHLIGHTS
NOVEMBER 2, 2016

SAFE HARBOR

Forward-Looking Statements

These materials include forward-looking statements concerning or implying growth trends or expectations, including without limitation growth in our cash flow and mobile and Orders businesses. Forward-looking statements are not guarantees of future performance; they reflect our current views with respect to future events and are based on assumptions and estimates and subject to known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from expectations or results projected or implied by forward-looking statements. These risks include our ability to grow rapidly and to manage our growth effectively, including in Orders, mobile, and video; our ability to develop innovative new technologies and remain a market leader; our ability to attract and retain buyers and sellers and increase our business with them; our vulnerability to loss of, or reduction in spending by, buyers; our ability to maintain a supply of advertising inventory from sellers; the effect on the advertising market and our business from difficult economic conditions; the freedom of buyers and sellers to direct their spending and inventory to competing sources of inventory and demand; our ability to use our solution to purchase and sell higher value advertising and to expand the use of our solution by buyers and sellers utilizing evolving digital media platforms; our ability to introduce new offerings and bring them to market in a timely manner in response to client demands and industry trends, including shifts in digital advertising growth from display to mobile channels; our ability to implement solutions to improve the advertising experience of consumers; the increased prevalence of header bidding and its effect on our competitive position in desktop; our header bidding solution not resulting in revenue growth and causing infrastructure strain and added cost; uncertainty of our estimates and expectations associated with new offerings, including header bidding, private marketplace, mobile, Orders, automated guaranteed, video, and guaranteed audience solutions; declining fees and take rate, including as a result of implementation of alternative pricing models, and the need to grow through Advertising Spend increases rather than fee increases; our limited operating history and history of losses; increased prevalence of ad blocking technologies; the slowing growth rate of online digital display advertising; the growing percentage of online and mobile Advertising Spend captured by owned and operated sites (such as Facebook and Google) where we are unable to participate; the effects of increased competition in our market and increasing concentration of Advertising Spend, including mobile spending, in a small number of very large competitors; acts of competitors and other third parties that can adversely affect our business; our ability to differentiate our offerings, compete effectively and to maintain our pricing and take rate in a market trending increasingly toward commodification, transparency, and disintermediation; requests from buyers and sellers for discounts, fee concessions or revisions, rebates, and greater levels of pricing transparency and specificity; potential adverse effects of malicious activity such as fraudulent inventory and malware; the effects of seasonal trends on our results of operations; costs associated with defending intellectual property infringement and other claims; our ability to attract and retain qualified employees and key personnel; our ability to identify future acquisitions of or investments in complementary companies or technologies and our ability to consummate the acquisitions and integrate such companies or technologies; and our ability to comply with, and the effect on our business of, evolving legal standards and regulations, particularly concerning data protection and consumer privacy and evolving labor standards.

More detailed information is set forth in Annual Report our Form 10-K for the year ended December 31, 2015, and subsequent Quarterly Reports on Form 10-Q. Also, these forward-looking statements represent our current estimates and assumptions only; unless required by federal securities laws, we assume no obligation to update any of these forward-looking statements, or to update the reasons actual results could differ materially from those anticipated, to reflect circumstances or events that occur after the statements are made.

Q3 2016 SUMMARY

Financial Measures	Three Months Ended		
	September 30, 2016	September 30, 2015	Change
GAAP revenue	\$65.8 M	\$64.3 M	2%
Non-GAAP net revenue ⁽¹⁾	\$60.6 M	\$57.9 M	5%
Advertising Spend ⁽²⁾	\$242.8 M	\$244.4 M	(1%)
Mobile Advertising Spend	\$83.3 M	\$63.6 M	31%
Desktop Advertising Spend	\$159.5 M	\$180.8 M	(12)%
Net income (loss)	\$3.5 M	(\$3.0)M	n/a
Adjusted EBITDA ⁽³⁾	\$15.3 M	\$12.6 M	21%
Diluted earnings (loss) per share	\$0.07	(\$0.07)	n/a
Non-GAAP EPS ⁽⁴⁾	\$0.32	\$0.23	39%

(1) The appendix provides a reconciliation of GAAP Revenue to Non-GAAP Net Revenue.

(2) Advertising Spend (previously referred to as Managed Revenue) represents the buyer spending on advertising transacted on the Company's platform. The appendix provides a reconciliation of GAAP Revenue to Advertising Spend.

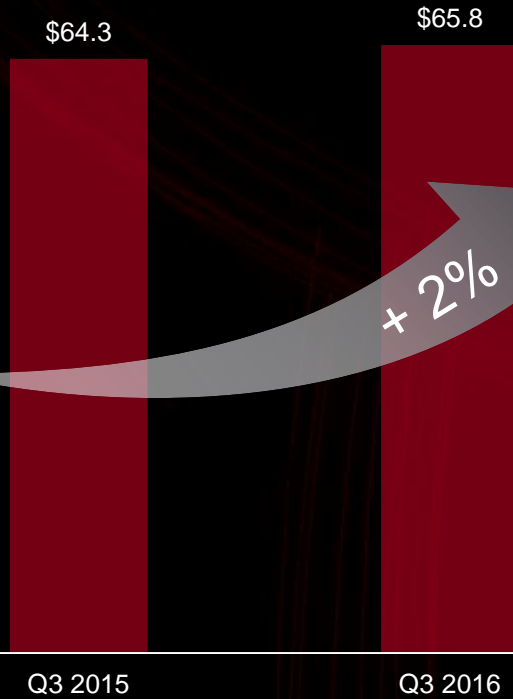
(3) The appendix provides a reconciliation of Net Income (Loss) to Adjusted EBITDA.

(4) The appendix provides a reconciliation of Net Income (Loss) to Non-GAAP Net Income and calculation of Non-GAAP EPS.

REVENUE HIGHLIGHTS

Q3 GAAP Revenue

(\$MM)



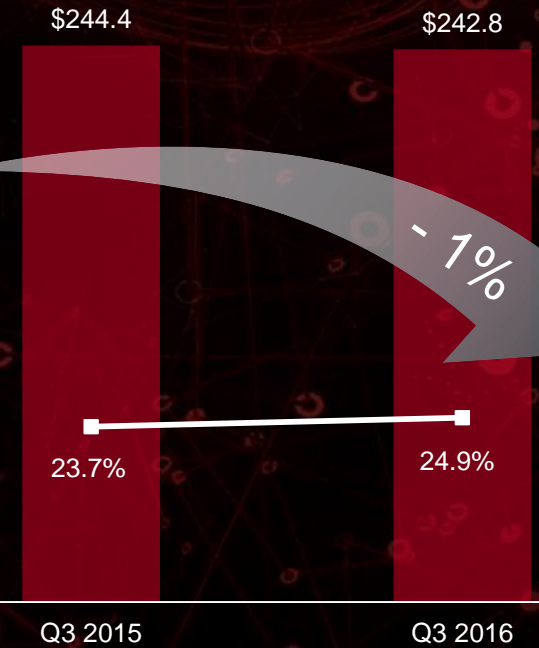
Q3 Non-GAAP Net Revenue

(\$MM)



Q3 Advertising Spend

(\$MM)



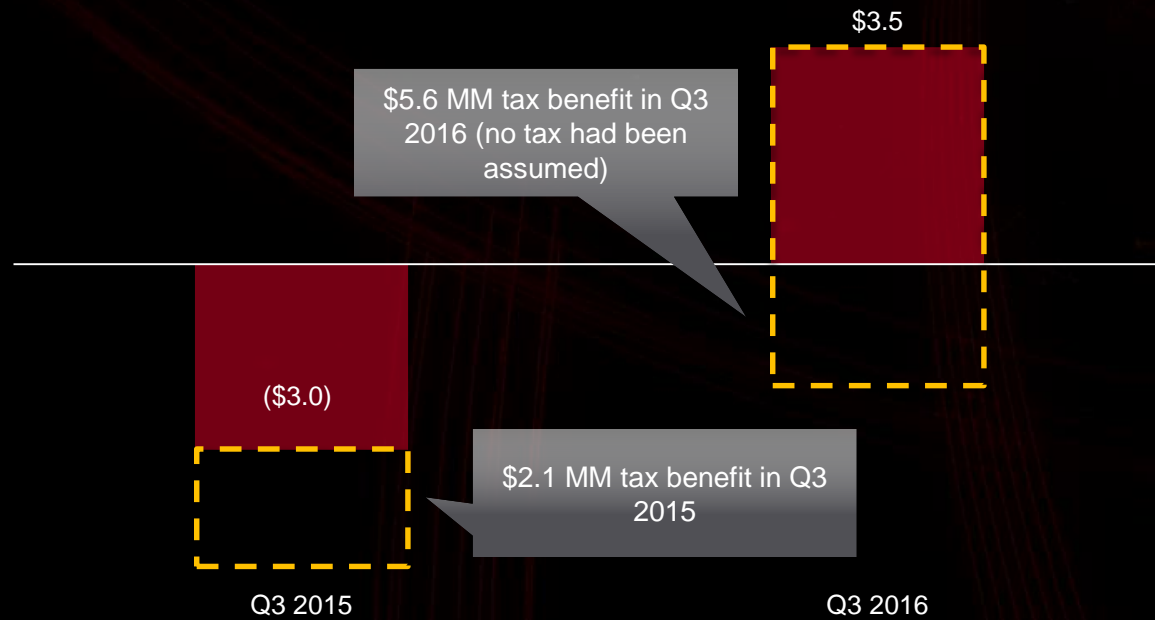
— Take Rate ⁽¹⁾

(1) Take Rate represents Non-GAAP Net Revenue divided by Advertising Spend.

NET LOSS AND ADJUSTED EBITDA

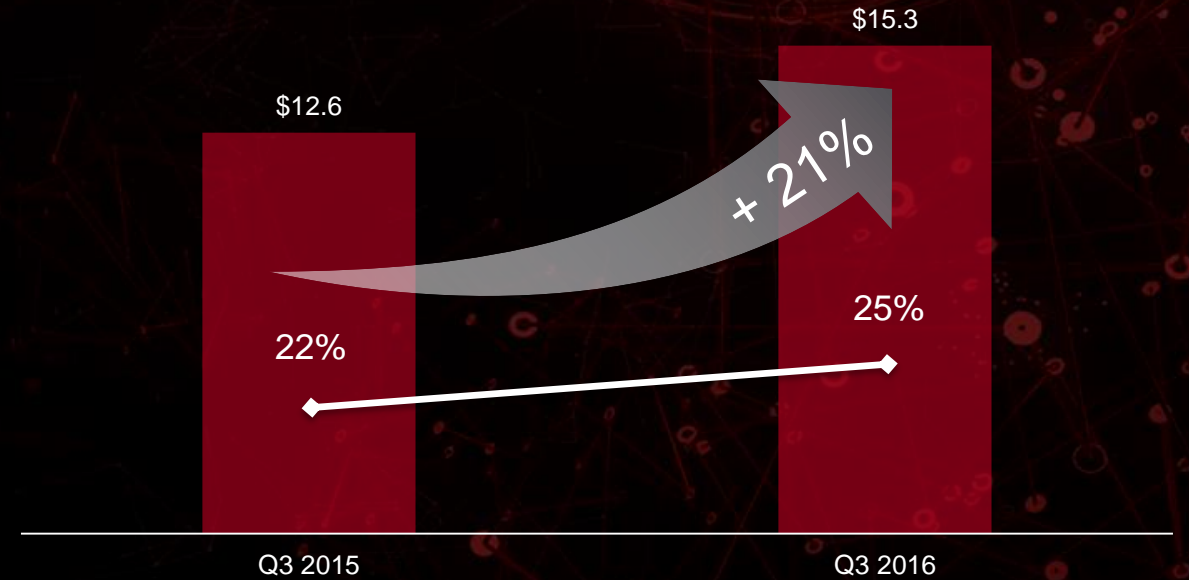
Q3 GAAP Net Income (Loss)

(\$MM)



Q3 Adjusted EBITDA

(\$MM)



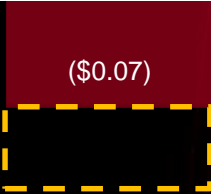
— Adj. EBITDA Margin ⁽¹⁾

(1) Adjusted EBITDA Margin is calculated as Adjusted EBITDA divided by Non-GAAP Net Revenue. Reconciliation for Net Income (Loss) to Adjusted EBITDA is included in the appendix.

EPS HIGHLIGHTS

Q3 GAAP EPS (Diluted)

(\$MM)



Q3 2015



Q3 2016

\$5.6 MM tax benefit in Q3 2016 (no tax had been assumed)

\$2.1 MM tax benefit in Q3 2015

Q3 Non-GAAP EPS

(\$MM)



Q3 2015

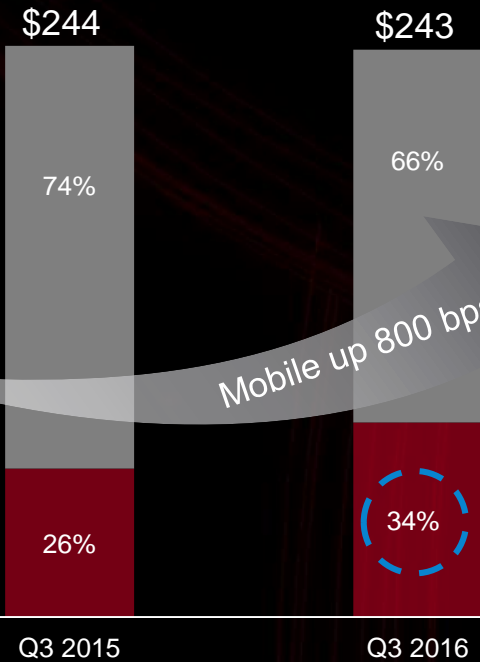


Q3 2016

ADVERTISING SPEND BY CHANNEL, INVENTORY TYPE & GEOGRAPHY

Advertising Spend % by Channel

(\$MM)

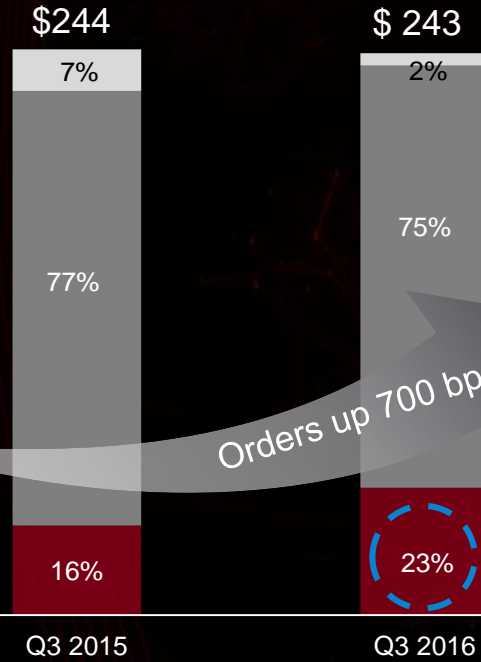


Mobile up 800 bps



Advertising Spend % by Inventory Type

(\$MM)

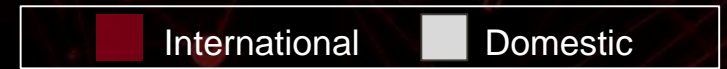
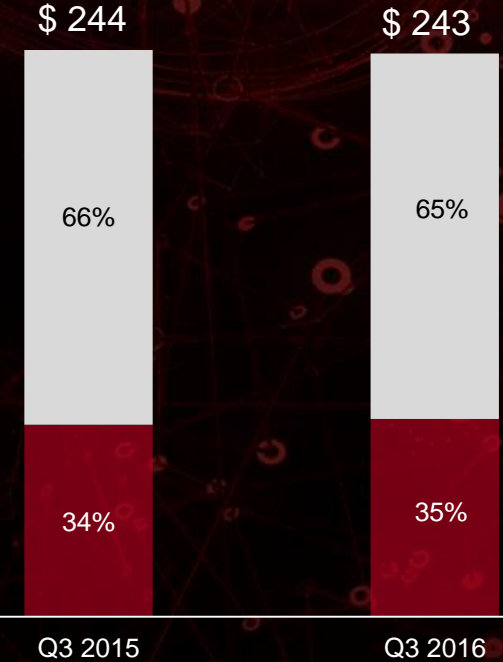


Orders up 700 bps



Advertising Spend % by Geography⁽¹⁾

(\$MM)

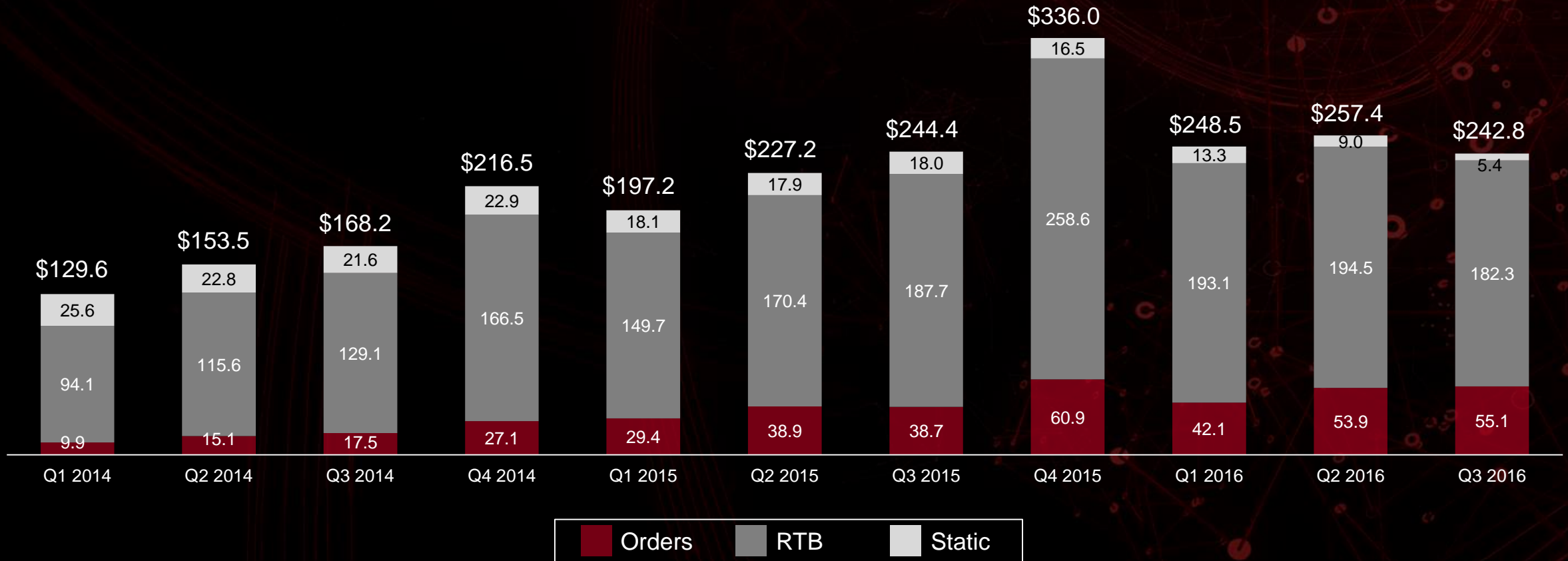


(1) Advertising Spend by geography determined based on the location of the Seller.

ADVERTISING SPEND BY INVENTORY TYPE: 2014-2016

Advertising Spend by Inventory Type: Quarterly

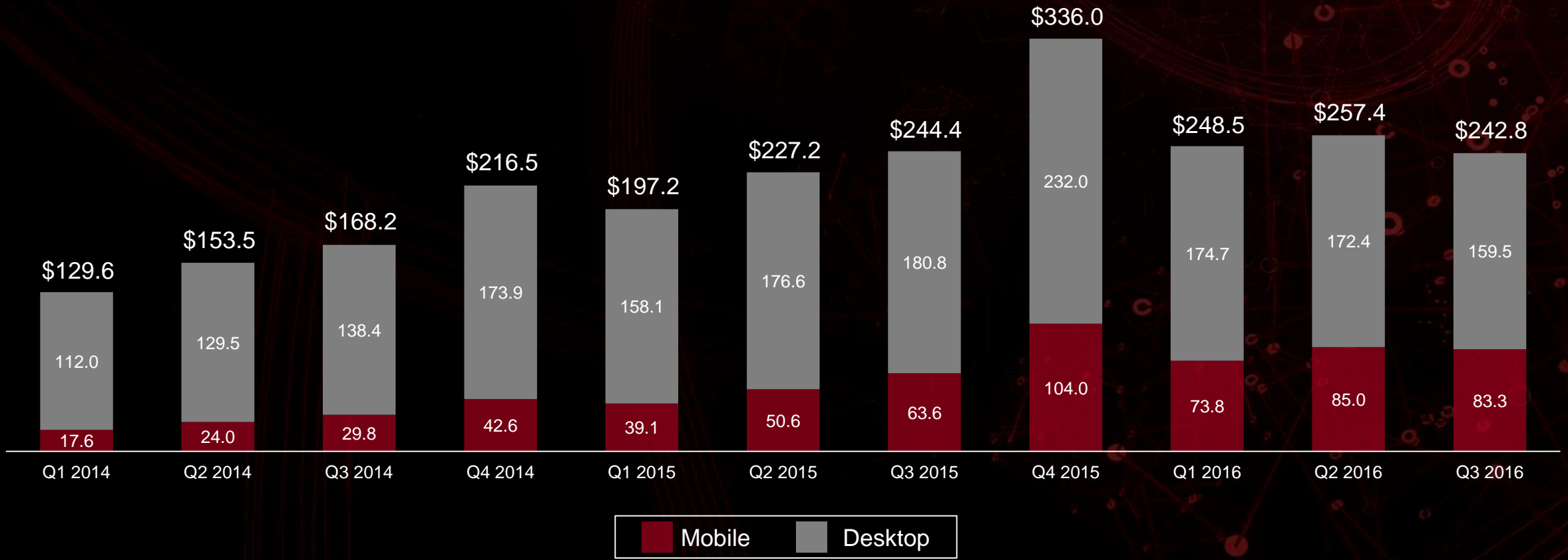
(\$MM)



ADVERTISING SPEND BY CHANNEL: 2014-2016

Advertising Spend by Channel: Quarterly

(\$MM)



CASH FLOW AND BALANCE SHEET HIGHLIGHTS

Cash Flow Highlights

(\$MM)

	YTD 2016	YTD 2015
Financial measure:		
Net cash provided by operating activities	\$48.8	\$21.2
Less capital expenditures	18.9	13.8
Free cash flow	\$29.9	\$7.4

Balance Sheet Highlights

(\$MM)

	September 30, 2016	December 31, 2015
Financial measure:		
Cash & equivalents	\$154.3	\$116.5
Marketable securities	38.9	36.7
Total cash + liquid assets	\$193.2	\$153.2
Debt + capital lease obligations	\$ Nil	\$ Nil

APPENDIX



DEPRECIATION & AMORTIZATION / AMORTIZATION SCHEDULE

Income Statement Includes Depreciation and Amortization as Follows: (\$MM)	Q3 2016	Q3 2015
Cost of revenue	\$ 7.0	\$ 5.3
Sales and marketing	2.8	2.3
Technology and development	0.7	0.5
General and administrative	0.5	0.5
Total Depreciation and Amortization	\$11.0	\$ 8.6

Remaining Amortization Schedule for Acquired Intangible by Period (\$MM)	Amount
Q4 2016	\$ 5.7
2017	19.6
2018	8.4
2019	2.8
2020	—
Total Remaining Amortization of Acquired Intangibles	\$36.5

RECONCILIATIONS OF NET INCOME (LOSS) TO ADJUSTED EBITDA & GAAP REVENUE TO ADVERTISING SPEND

	Q3 2016	Q3 2015
Financial Measure: (\$MM)		
Net income (loss)	\$3.5	(\$3.0)
Add back (deduct):		
Depreciation and amortization, excluding acquisition of acquired intangible assets	5.3	3.8
Amortization of acquired intangibles	5.7	4.8
Stock-based compensation expense	6.5	8.8
Acquisition and related items	-	0.3
Interest (income) expense, net	(0.1)	-
Foreign currency loss (gain), net	-	-
Provision (benefit) for income taxes	(5.6)	(2.1)
Adjusted EBITDA	\$15.3	\$12.6

	Q3 2016	Q3 2015
Financial Measure: (\$MM)		
GAAP Revenue	\$65.8	\$64.3
Plus amounts paid to sellers ⁽¹⁾	\$177.0	\$180.1
Advertising Spend	\$242.8	\$244.4

(1) Amounts paid to sellers for the portion of our revenue recorded on a net basis for GAAP purposes.

RECONCILIATIONS OF GAAP REVENUE TO NON-GAAP NET REVENUE & NET INCOME (LOSS) TO NON-GAAP NET INCOME

Reconciliation of GAAP Revenue to Non-GAAP Net Revenue (\$MM)	Q3 2016	Q3 2015
Financial Measure:		
GAAP revenue	\$65.8	\$64.3
Less amounts paid to sellers reflected in cost of revenue ⁽¹⁾	\$5.2	\$6.4
Non-GAAP net revenue	\$60.6	\$57.9
Reconciliation of Net Income (Loss) to Non-GAAP Net Income (\$MM, except share figures)	Q3 2016	Q3 2015
Financial Measure:		
Net Income (Loss)	\$3.5	(\$3.0)
Add back (deduct):		
Stock based compensation expense	6.5	8.8
Acquisition and related items, including amortization of acquired intangibles	5.7	5.1
Foreign currency (gain) loss, net	-	-
Non-GAAP Net Income	\$15.7	\$10.9
Non-GAAP Earnings (Loss) per Diluted Share	\$0.32	\$0.23
Non-GAAP weighted average shares outstanding	48.7	46.9

(1) Amounts paid to sellers for the portion of our revenue recorded on a gross basis for GAAP purposes.