

# EXTREMELY SUCCESSFUL FIRST MONTH FOR MEGASTAR

## HIGHLIGHTS

- + **Engagement metrics continue to exceed industry averages by up to 400%.** These metrics are the best leading indicator of success for a Digital Entertainment Product like Megastar.
- + **Strong User Acquisition with peaks as high as number 4 in Entertainment Apps in the hourly Apple App store rankings.**
  - o Megastar has achieved these rankings in less than 5 weeks. Comparable products (that are now worth hundreds of millions) took months to achieve similar results
  - o More than 230k downloads in less than five weeks with significant peaks in response to marketing activities
  - o Megastar App has appeared alongside Netflix, YouTube, Hulu, Amazon Prime and Fox Now
  - o Validates Megastar's value proposition. Provides a significant user group for ongoing observation and optimization of engagement
  - o Weekly acquisition numbers expected to be volatile as marketing program shifts focus and continues to be optimized for audience acquisition.
- + **Strong increase in submitted auditions week over week through Heat D - along with a noticeable increase in quality.**
  - o More than 4300 *accepted* entries in Megastar WWT1 already
  - o An extra Audition Heat (F) has been added to allow newer entries more time to qualify for Worldwide Tournament 1 (WWT1).
- + **Strong results expected to continue exceeding industry averages via further optimisation of marketing and product.**
  - o **Plans to exploit opportunities beyond WWT1 are well underway**
  - o Audience retention and growth will continue with multiple smaller competitions running between WWT1 and WWT2 (currently planned to commence end of Q1 2018).
  - o Monetisation via In-App tipping and donation to performers during live streaming as well as advertising will continue beyond WWT1
  - o **Advanced discussions with potential partners to launch Megastar Tournaments in India (Bollywood) and South-East Asia in 2018.**
  - o Company is accumulating data and content which is driving progress in the engagement of strategic international investors in the US, Asia and the Middle East.
  - o Potential to discover a real new Megastar



Digital technology and entertainment company, MSM Corporation International Limited (ASX: MSM) the (“MSM” or the “Company”) is pleased to advise of very strong metrics from the first month of operations of its Megastar App, through which it is hosting its first global talent competition. Worldwide Tournament 1 commenced, with auditions, at the beginning of October in the USA, Great Britain, Australia, Canada, New Zealand and South Africa.

MSM’s Megastar competition is a global, mobile-first talent competition, featuring performers of any category, competing to win US\$1 Million, an audition for a role in a film and various other prizes.

### Megastar Engagement Metrics

MSM and its advisors have worked to ensure the Megastar App creates and sustains engagement amongst Voters (people who vote for Performers) and Live Streamers (Performers who engage their audience through the Megastar App “Live Streaming” feature).

Engagement metrics are the best leading indicator of success for digital entertainment products because strong engagement demonstrates that users are experiencing value. Engagement and consumer value drive retention and referral. When referral acquisitions exceed defection (the opposite of retention) then positive organic growth is achieved. In the meantime, strong organic growth ratios amplify paid user acquisition. Highly engaged users (that are experiencing value) are also much more inclined to spend money on the app and engage in advertising to support the app and Megastar performers.

As of 30 October 2017, Megastar’s engagement metrics are as follows:

Key Engagement Metrics	Megastar App (As at 22/10/17)	Megastar App (As at 29/10/17)	Industry Average
<b>Avg. Daily Active Users (DAU) as a %</b>	17%	14.3%	6%
<b>Avg. Sessions per day per Voting user</b>	2.4	2.2	0.55
<b>Avg. Minutes per Session per Voting user</b>	24	25	5.1
<b>Avg. Sessions per day of Live Streaming user</b>	2.6	2.4	1.1
<b>Avg. Minutes per Session per Live Streaming user</b>	77.1	75.6	13.5

*Engagement metrics remain strong with significant user growth*

As detailed in the 17 October 2017 ASX announcement, Megastar’s media and marketing program for Worldwide Tournament 1 has been specifically designed in three complementary and chronologically staggered streams, each with distinct objectives.

The following table outlines the marketing program for Worldwide Tournament 1:

WWTI Marketing/Media Stream	Status
<b>Building Brand Awareness and Credibility</b>	<ul style="list-style-type: none"> <li>• Commenced 4 October 2017 -on-going</li> <li>• Celebrity and Performer unpaid media and PR</li> <li>• Celebrity, performer and influencer social campaigns.</li> </ul>
<b>Attraction of high quality performers</b>	<ul style="list-style-type: none"> <li>• Commenced 4 October 2017 - concludes 14 December 2017</li> <li>• Celebrity social media, paid and unpaid social campaigns.</li> </ul>
<b>Audience Acquisition and Activation</b>	<ul style="list-style-type: none"> <li>• Testing and Optimisation: 25-31 October 2017</li> <li>• Campaigns: 7 November 2017 – early December 2017.</li> <li>• Paid and unpaid social campaigns leveraging the first two streams to draw in the audience that will experience, support and engage with the amazing talent that will compete in the Megastar finals.</li> <li>• This is the activity that is expected to generate significant App downloads and audience engagement.</li> </ul>

As noted above, the first two streams of activity are designed to build awareness in the Megastar brand and to establish Megastar’s value proposition for Performers.

High quality performer acquisition has been the primary objective over the past few weeks. The first two streams were not intended to drive significant App downloads by themselves. They are the foundation of brand awareness and quality content upon which the acquisition of a large, highly engaged audience.

It is the final stream of activity, specifically paid and unpaid social campaigns, which are intended to drive global audience acquisition, engagement, and therefore significant growth in App downloads.

### Significant increases in number and quality of performers

As announced on 17 October 2017, the first two streams of the marketing and media program have been very effective with the number of Performers attempting to enter Megastar growing strongly week over week. Through Heats A-D, Megastar has accepted more than 4,300 entrants, with ever increasing quality of performance.

The number of high quality performers (with higher production value auditions), has increased significantly over the past 3 weeks.

As expected, music and dance are proving to be the market segments that are providing the bulk of early adopters of Megastar. Digital entertainment products often attract early adopters from specific segments. Early adopters prove the value proposition, model behaviours and demonstrate the value to followers from other segments. Whilst the Company continues to promote the competition to Performers from all categories, the musicians and dancers are welcome early adopters.

## Strong results expected to continue

Megastar's engagement metrics have only slightly reduced with the rapid increase in user acquisition over the past few weeks, peaking last week with 100% week-on-week growth.

With a significant cohort of users engaged in Megastar, the platform is now generating extremely valuable information for engagement optimization. Although the acquisition thus far has not been the primary focus, it is very beneficial for both marketing and user experience optimisation to have the insights arising from the behaviours of this significant number of users.

Product and marketing optimization will continue to drive engagement, referral and retention ratios and therefore organic growth. Engagement continues to be the focus as Megastar's leading indicator of success.

The Audition Heats of Megastar are a new and unique aspect of the Megastar's World-First talent competition format. In television formats, audiences are not involved in the audition process. This part of the process is conducted by the producers of broadcast talent competitions. Involving the performers (as peers) and the audience in this part of the process is a key part of the philosophy of Megastar. It is an experience that is representative of Megastar's meritocratic ethos and is a key component in building the strong engagement and passionately supportive culture of Megastar's creative community.

As the competition transitions into the finals rounds, the Megastar App will present a more familiar format (rounds, judging, commenting) which mass audiences are accustomed.

## Strong User Acquisition driving peaks in App Store rankings

**High volatility in user acquisition means that early data may not provide a reliable indicator at this stage.** However, the Megastar App has more than 200k downloads, has rapidly hit number 6 in the weekly rankings and has seen peaks in hourly rankings at number 4 where the **Megastar App appeared amongst in the top 5 entertainment Apps in the US App store (Netflix, YouTube, Hulu, Amazon Prime and Fox Now)!**

This is an extraordinary result for an App which is so early in its lifecycle. Other highly successful Apps such as Musical.ly and Twitch took months or years to achieve similar outcomes. Bitmoji rose rapidly but also experienced a high degree of volatility in the first four months after launch.

<sup>1</sup>Bitmoji was acquired by SNAP for approximately USD\$100M approximately 16 months after it was launched.

<sup>2</sup>Musical.ly was first released in August 2014. The company closed a USD\$100M round at a USD\$500M valuation in Jan 2016 led by GGV Capital. Musical.ly itself is not currently generating sizeable revenue, but has been experimenting with in-app brand, movie and music advertising campaigns in the last year. Its huge, young audience makes it an appealing marketing tool for advertisers seeking youngsters who don't watch TV or listen to the radio.

<sup>3</sup>Twitch was acquired in August 2014 by Amazon, 3 years after launching, for USD\$970M. In 2014 Twitch was reported to have generated approximately USD\$1.6B in revenue<sup>4</sup> via tipping and donations, advertising and sponsorships.

1. <https://www.fastcompany.com/40437794/meet-snaps-secret-weapon-digital-avatar-maker-bitmoji>
2. <https://www.forbes.com/sites/natalierobehmed/2017/05/11/from-musers-to-money-inside-video-app-musical-lys-coming-of-age/-264808f56cff>
3. <https://venturebeat.com/2014/08/25/amazon-acquires-twitch-worlds-largest-e-tailer-buys-largest-gameplay-livestreaming-site/>
4. <http://www.tubefilter.com/2015/07/10/twitch-global-gaming-content-revenue-3-billion/>



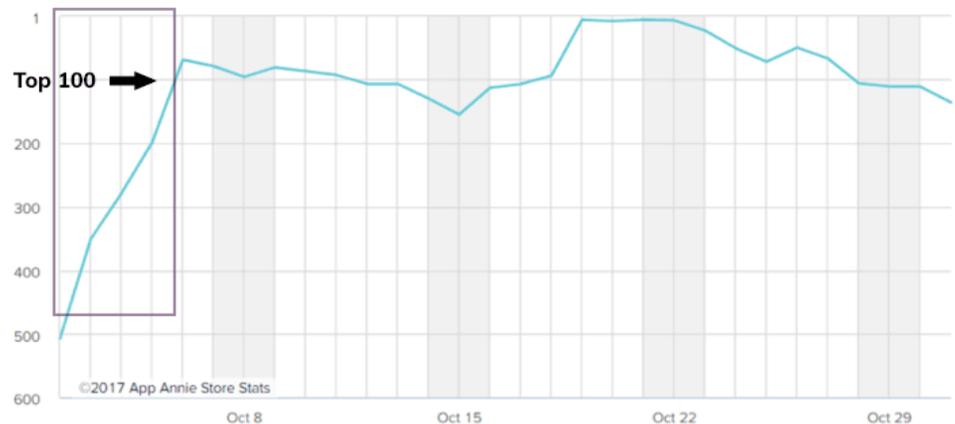
## Megastar: Discover Talent

Free Entertainment

### Rank History

Device: iPhone | Countries: United States | Date Range: Oct 2, 2017 - Oct 31, 2017

#### 5 days to Top 100



#### Megastar App Rankings

- Launched 30 Sept 2017
- 6 Oct 2017: ranked 342 in US Entertainment apps
- 7 Oct 2017: 245
- 21 Oct 2017: 86
- 23 Oct 2017: 45
- 26 Oct 2017: 25
- 31 Oct 2017: 57



## musical.ly - video social app

Free Photo and Video

### Rank History

Device

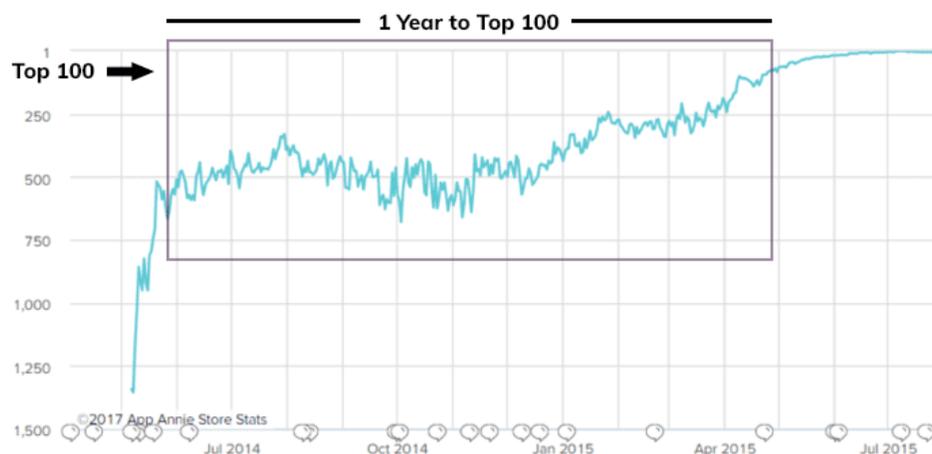
Countries

Date Range

iPhone

United States

Apr 2, 2014 - Jul 31, 2015



#### Musical.ly App Rankings:

- Launched 6 May 2014 ranked 1342 in US photo and video
- 16 May 2014: 810
- 1 July 2014: 416
- 4 Nov 2014: 555
- 24 Dec 2014: 436
- 25 Jan 2015: 270
- 10 Apr 2015: 106
- 12 May 2015: 44
- 31 May 2015: 9
- Consistently top 10 since June 2015.



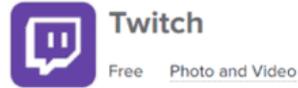
## Rank History

Device: iPhone  
 Countries: United States  
 Date Range: Sep 9, 2014 - Sep 30, 2015



### Bitmoji App Rankings:

- Launched 1 November 2014 - Ranked 381 in US entertainment apps
- 10 Nov 2014: 33
- 23 Nov 2014: 80
- 29 Nov 2014: 72
- 24 Dec 2014: 16
- Jan/Feb 2016: hit the top 10 consistently for the first time.
- Snapchat acquires in March 2016 for US\$100m - at that point ranked 9/10 in US entertainment apps.



## Rank History

Device  Countries

iPhone United States Oct 26, 2011 - Sep 30, 2013



### Twitch:

- Launched 25 Oct 2011 and ranked 179 in US entertainment
- 28 Oct 2011: 78
- 8 Nov 2011: 234
- 22 Nov 2011: 184
- 3 Feb 2012: 145
- 11 July 2012: 113
- 13 Dec 2012: 170
- 13 Feb 2013: 93
- 11 Mar 2013: 122
- 27 April 2013: 46
- Today at 24 in US entertainment

## Business Development Beyond Worldwide Tournament 1

Completion of Megastar's first global competition will mark the beginning of significant business development opportunities for Megastar.

Substantial brand equity will be built through media exposure when the first million dollar prize winner is announced and the first Megastar is propelled to prominence by Usher, MSM management, and the global media.

- + Audience retention and growth will continue immediately following the completion of Worldwide Tournament 1 with ongoing competitions leading up to Worldwide Tournament 2 in the first half of 2018. This will most likely include genre specific, branded and sponsored competitions.
- + The Company is progressing discussions with potential partners to launch additional Megastar Tournaments in India (Bollywood) and South-East Asia in 2018. With Usher on board, data and content accumulating and the company's global media contacts, significant progress is being made to secure partners to launch additional versions of Megastar competitions in 2018 which are expected to be scheduled independently of the main "English-language" Megastar.
- + The Company is actively pursuing strategic international investors in the US, Asia and the Middle East. Sophisticated investors in these markets are accustomed to valuing products based on audience engagement and growth metrics. As the company accumulates user data, there is increasing interest from strategic international investors.
- + Megastar exists as the conduit for discovering the entertainment industry's next real-life megastar (e.g. Bieber, Swift). There is much work to be done for this opportunity but the Megastar team is uniquely qualified for that challenge. The discovery of the next megastar will affect the company's brand because, first, it will be the ultimate confirmation for the idea and concept the Megastar team has been working on for a number of years. Second, it will be a force multiplier on Megastar's business from a PR, media and brand perspective.

### MSM Managing Director, Dion Sullivan commented;

"As planned, the engagement of the early adopters to Megastar continues to exceed our expectations. Our confidence is growing day by day and the opportunities arising from our results so far are shaping towards a very exciting for the future. There's more to come – and the entire team is focused on delivering a best in class experience."

### MSM US Chairman, Doug Barry commented;

"I am delighted with the initial reaction to the Megastar app both in relation to the talent acquired so far and the user engagement metrics that we are seeing that far exceed industry norms. This is a validation of the on-demand digital talent competition concept and is truly exciting as we enter the next phase of Worldwide Tournament 1."

## FOR FURTHER INFORMATION CONTACT:

**Media queries:** [press@msmci.com](mailto:press@msmci.com)

**Investor queries:** Jane Morgan  
Jane Morgan Management  
P: + 61 (0) 405 555 618  
E: [jm@janemorganmanagement.com.au](mailto:jm@janemorganmanagement.com.au)

## ABOUT MSMCI

MSM Corporation International Limited ("MSMCI") is an online entertainment company that specialises in building and launching new digital entertainment products to audiences in the US, Great Britain, Australia, Canada, New Zealand and South Africa. MSMCI partners with local operators in non-English speaking markets to maximise the reach of its products and services globally.

MSMCI's flagship product is Megastar, a global, mobile-first talent competition, featuring performers of any category, competing to win one Million US Dollars, a role in a film and various other prizes. Winners are chosen by fans voting in the competition through the Megastar App.

The first Megastar competition launched in MSMCI's six core markets with the App available for download from the Apple and Google Stores. Additional Megastar competitions will subsequently launch in non-English speaking markets via partnering and licensing agreements.

Megastar was founded by Adam Wellisch and Dion Sullivan in February 2014 and listed on the Australian Securities Exchange becoming MSMCI (ASX:MSM) in January 2016. The Company is currently headquartered in Sydney, Australia and Oakland, California, USA.

Visit [www.msmci.com](http://www.msmci.com) to learn more or to [sign up for the investor newsletter](#).

