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PRESENTATION

Operator

Thank you for standing by for iClick Interactive Asia Group Limited's Fourth Quarter 2018 Earnings Conference Call. (Operator Instructions) Today's conference call is being recorded today Monday the 25th March, 2019.

Now I'll turn the conference to your host Ms. Lisa Li, Senior Manager of Investor Relations. Lisa, please go ahead.

Lisa Li - *iClick Interactive Asia Group Limited - Senior Manager of Investor Relations*

Hello, everyone, and welcome to iClick's Fourth Quarter and Full Year 2018 Financial Results Conference Call. The company's results were issued earlier today and are posted online. You can download the earnings press release and sign up for our distribution list by visiting the IR section of our website at ir.i-click.com.

Sammy Hsieh, our Chief Executive Officer and Co-Founder; and Terence Li, our Chief Financial Officer, will provide an overview of the quarter and then we will turn the call over to Q&A.

Before we continue, please note that today's discussion will contain forward-looking statements made under the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995. Forward-looking statements involve inherent risk and uncertainties. As such, the company's results may differ materially from the views expressed today. Further information regarding these and other risks and uncertainties is included in the company's prospectus as filed with the U.S. Securities and Exchange Commission. The company does not assume any obligation to update any forward-looking statements except as required under applicable law.

Please know that iClick's earnings press release and this conference call include discussions of unaudited GAAP financial information as well as unaudited non-GAAP financial measures. iClick's press release contains an -- a reconciliation of the unaudited non-GAAP measures to the most directly comparable unaudited GAAP measures.

I will now turn the call over to our CEO and Co-Founder, Sammy Hsieh. Sammy, please go ahead.



Wing Hong Hsieh - *iClick Interactive Asia Group Limited - Chairman of the Board, CEO & Co-Founder*

Thank you, Lisa. Hello, everyone, and thank you for joining us today. I am pleased to report that we had a very productive 2018, achieving a number of record-high operational and financial numbers, including gross billings, revenues, gross profit, adjusted EBITDA and historically low adjusted net loss, while establishing a solid foundation upon which we are transforming our business into a powerful CRM and marketing cloud platform. Before I discuss how we are doing this, I would like to note that gross billings on mobile audience solution were up 91% in 2018 compared with 2017, helping us achieve a record high in overall gross billing of around \$400 million for the year. As such, we continue to lead the independent marketing technology industry in 2018. At the same time, we further expanded our consumer data sets to 780 million profiled active users in 2018. These metrics are a testament to iClick's ability to continue to strengthen its competitive advantage as China's leading independent marketing technology provider.

Through years of experience servicing clients, our valuable data sets and strong data analytics capability put us in a position of strength as we grow our CRM business. A significant rationale to develop our CRM business spend from China is that emerging new retail or smart retail market is growing an innovative market involving the combination of online and offline solutions. The Chinese retail market is set to become the largest in the world in 2019, surpassing the U.S. by more than \$100 billion in sales. And new retail is a key driver of this growth as most of you are familiar with CRM and marketing cloud business models like salesforce.com and Adobe in the U.S. market.

We are experiencing a similar business opportunity in China to help retailers and resellers understand market dynamics on a timely basis and improve business strategy to ultimately enhance sales and operational deficiencies. Growth of the new retail markets align perfectly with our close working relationship with Tencent as it provides assets to a SaaS market establish through mini programs on the widely used WeChat platform. These programs provide a perfect ecosystem for us to deploy marketing technology and CRM solutions, presenting iClick with the high growth, high margin, recurring revenue stream.

According to a Frost & Sullivan report, the social e-commerce market is estimated to grow at 35.5% CAGR from 2017 to 2022. As part of our efforts to further develop our CRM business, we announced earlier this month an investment in Changyi Information Technology which was valued at approximately USD 10 million, giving us approximately 50% ownership in the company. The investment provides iClick with much faster assets to compete offerings direct towards China's emerging new retail markets.

By the end of 2019, we anticipate our CRM business will account for a significant gross profit contribution of around low to mid-teens. The CRM business has a gross margin profile ratio of 60% to 70%. The recurring revenue streams associated with this fast model, coupled with strong margins and building reception from our existing client base make our CRM solution a natural feed for iClick. We are building an ecosystem that fully integrates CRM with the marketing cloud systems.

To date, we have successfully deployed our CRM solution with a number of well-known international brands, including a global oil and gas company, a multinational consumer goods corporation and an international fashion and retail company.

We also announced during the fourth quarter the use of our CRM solution to help Hefei National High-tech Industry Development zone optimize its data capabilities and foster more business opportunities for the thousands of enterprises established in the area. This is yet another example of how we are establishing our CRM solution among enterprises that need help optimizing clients' business.

The diversification of iClick business is critical as we adjust to the overall macroeconomic environment, whether it is influenced by U.S.-China trade relations or regional economic pressures. Indeed, the diversification that the CRM business brings to iClick dovetails with the overall health of the company's core marketing technology business.

Before turning the call over to Terrence, I would like to discuss a few key initiatives that continue to strengthen our performance-driven marketing business which remains poised for healthy organic growth in China and Asia as a whole.

For example, our recent pilot with Ctrip allows brands to easily identify and directly target the more than 130 million annual outbound Chinese travelers, and we have seen significant progress with this platform in Southeast Asia, Korea and Japan. And we see very positive impact on a number of global brands. We plan to further develop high value-added services that deliver ROI to customers by enhancing consumer profiles across



different verticals. We are fueling this growth through strategic investment and partnership such as with Ctrip. We also continue to enhance our data sets through apps that help our customers further optimize their marketing decisions. The integration of data from these apps into our existing platforms helps us improve our gross margin. Additionally, our strong relationships with advertisers enable us to get first mover and exclusive marketing deals. There are a lot of exciting opportunities ahead for iClick, and we believe that our core business and emerging CRM solutions well poised to propel our growth for another record year in 2019.

With that, I will now like to turn the call over to our CFO, Terence Li, to review the fourth quarter financials.

Terence Li - *iClick Interactive Asia Group Limited - CFO*

Thank you, Sammy. Hello, everyone. I'm very pleased to be joining you on my first conference call as CFO of the company. I will start with a few key financial highlights for the full year of 2018 and for the fourth quarter of 2018. Please note that all figures given are in U.S. dollars unless otherwise noted.

In 2018, we drove solid net revenues increases, record gross profit and more than 60% gross billing growth, including an almost doubling of mobile audience solutions gross billing. We also posted a record gross profit and adjusted EBITDA profit and significantly narrowed our adjusted net loss. 2018 was one of our best years, and we believe these results set us up for continuous success in 2019. Given a weakening renminbi, particularly in the third and fourth quarters of 2018, we generated an annual net revenue increase of 28% to \$160 million from \$120 million (sic) [\$125.3] last year.

We continue to generate solid net revenues from our mobile audience solution, which increased 38% to \$140 million from \$101 million as a result of strong market demand. Of note, we continue to increase our gross profit which rose 32% to more than \$39 million in 2018 from \$29.5 million in 2017. While our revenue growth in the fourth quarter appears less robust, there was a 7 percentage point reduction due to foreign exchange differences and adoption of the new accounting standards ASC 606 starting in 2018.

Given continued macro uncertainty in the third and fourth quarters, in particular the U.S.-China trade war, we strategically focused on cash flow management, profitability and providing in-house solutions to our customers. We concentrate on delivering high-margin products to high-margin customers and on reducing accounts receivable by working with clients that have good credit and payment records. This focus, coupled with the margin contribution from certain new advertising solutions, let us see outstanding 21% year-on-year growth in the fourth quarter's gross profit.

In addition to strong financial results, we retained a strong balance sheet. As of December 31, 2018, cash and cash equivalents and our short-term investment deposit equaled \$57.3 million together compared with \$19.4 million cash and cash equivalents and \$25 million term deposits at the end of last year, while we decreased our bank loans to \$9.4 million from \$10.5 million during the same period.

To remind you of my comments, we will focus on our non-GAAP results. As a reminder, you'll find reconciliations to these non-GAAP results in the press release we posted earlier today and which can be accessed at our Investor Relations website.

Adjusted EBITDA loss for the fourth quarter of 2018 was \$0.9 million compared with an adjusted EBITDA loss of \$2.2 million for the fourth quarter of 2017. And adjusted EBITDA profit for a year was \$1.6 million compared with a loss of \$4.5 million for 2017. These results reflect the operational leverage we have built which allowed us to realize a substantial increase in gross profit under healthy revenue growth, stable gross margin profile and stringent cash operating expenses control.

Adjusted net loss attributable to iClick shareholders, which excludes share-based compensation, fair value loss on derivative liabilities, fair value gain or losses on convertible notes, other gains, net and one-off merger and acquisition costs, was 1.5 -- \$1.3 million for the fourth quarter of 2018 compared with an adjusted net loss of \$3.8 million last year. And the adjusted net loss for the full year attributable to the company's shareholders was \$4.7 million compared with \$11.2 million last year.



I'm not going to spend time today on a detailed recap of other financial measures which you can find in our press release. I'll finish my discussion with our outlook for 2019. Please note that our outlook for revenue is based on current market conditions and reflects our preliminary estimates of market and operating conditions, expected foreign exchange rate and customer demand, all of which are subject to change.

For the 2019 full year, revenues are expected to be between \$200 million and \$220 million, which would translate to growth of 25% to 38% from 2018. Gross profit margin is estimated to be between 28% and 30%.

For the first quarter of 2018 (sic) [2019], we estimate revenues to be in the range of \$38 million to \$42 million and gross profit margin to be between 26% and 28%. We are no longer providing guidance on gross billing as this indicator becomes less relevant as we transition to SaaS-based CRM and marketing cloud platform. However, we will continue to disclose gross billings as an operational metrics going forward.

Finally, I believe that 2019 provides significant opportunity for improved profitability given the scale and economic benefits we've been building since our founding and the solid foundation we laid in 2018 to provide more high-margin enterprise solutions to our customers. 2019 should be an exciting year for iClick as we drive toward expanded organic and inorganic growth opportunities in the months and years ahead.

I will now turn the call back over to Sammy for closing remarks.

Wing Hong Hsieh - *iClick Interactive Asia Group Limited - Chairman of the Board, CEO & Co-Founder*

Thank you, Terence. We are very proud of our 2018 achievements as we build a solid foundation for future growth in our CRM and marketing technology business. The key to our success in 2019 is creating an ecosystem that seamlessly integrates our core business with the complementary fit of our CRM solution. We will continue to seek talent as well as exploring inorganic opportunities to help further execute our strategy. I would also like to note that we now have one of the strongest teams the company has ever had as we celebrate our 10th anniversary. As our momentum continues, I would like to thank you our employees for your hard work, and our clients and investors for your continued loyalty and support. We look forward to a productive year ahead.

This concludes our prepared remarks. We will now open the call to questions. Operator, please go ahead.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) We have our first question coming from the line of Yanfang Jiang of Benchmark.

Yanfang Jiang - *The Benchmark Company, LLC, Research Division - Equity Research Analyst*

Firstly, just wonder whether you guys can give us some color on your Changyi acquisition, specifically the deal rationale, the potential synergy you see as well as are there potential P&L impact for FY '19 and beyond?

Wing Hong Hsieh - *iClick Interactive Asia Group Limited - Chairman of the Board, CEO & Co-Founder*

Thanks for the questions. So the strategic acquisition of Changyi aligns with our long-term strategy to provide marketing solutions that go beyond the digital media business, but a more holistic and customer-centric business solution that involves CRM and marketing cloud services. Changyi is a natural fit for iClick to gain opportunity from the growing new retail market in China. The success of the new retail implementation relies largely on how enterprises integrate data from online and offline sources and that requires both robust data analytic capability and efficient deployment of the front-end applications like mini programs. iClick and Changyi combined are therefore well positioned to offer a more valuable solution to address the needs of the enterprises. As a matter of fact, we have been working with the Changyi team since the second half of 2018. Based on



iClick's expertise and data management and client relationship, Changyi's program development and engineering asset, we are cultivating a number of successful cases together and we believe it makes strategic senses to acquire the company directly. Changyi now has more than 130 engineers that can strengthen iClick engineering power immediately. With the acquisition of Changyi, we can fulfill the strong demand of our CRM solution from our existing client base and help us quickly grasp market share establishing our leadership position. Changyi is only the initial step for us in the business transformation. Referring to enterprises like Adobe and salesforce.com in the U.S., our vision is to build a similar CRM marketing cloud platform that is tied to the marketing seen in China. We will continue to enrich our own capability through both internal R&D and inorganic M&A opportunities to compete our blueprint. In terms of the financial aspect, I will then lead to Terence to address your questions.

Terence Li - *iClick Interactive Asia Group Limited - CFO*

Okay, thank you, Sammy. Fawne, I think financially the investment was around \$10 million in exchange for 50% controlling stake in Changyi. We see a clear path to full ownership in the future due to the business synergy we believe that will create. The deal has already generated some strategical financial value to us, where we recognized around \$1 million income from the SaaS revenue stream in 2018. In 2019, we see the SaaS business alone will contribute mid-single to high-single digit of our revenue in 2019. The CRM and marketing cloud solution in nature has a very good margin profile at -- of around 60% to 70% with project entering overhead beating the biggest cost. Thus, we expect it would generate 10%, 15% gross profit contributions to the group in 2019, which is significant. We expect that this ratio could be further increased to 20%, 30% in 2020. Going forward, we're considering to divide our business into 2 major segments. One is the marketing technology business which is a business relatively mature to us with highly predictable revenue growth, say, 30% plus. Gross margin profile stabilizing and improving and around like 23% to 24% right now and with further financial profitability we are foreseeing in 2019. The second segment, as I said, would be the Enterprise & CRM business. It is a high-growth business, multiple times per year, driving both revenue and gross profit with a better cash flow status. Fortunately, we also accumulated a strong pipeline of business right now, while our internal upselling to existing customer and increase in sales and marketing clauses is controllable. However, it will incur additional R&D and engineering costs as we expect. We are considering in the coming future to do separate disclosure of the 2 business segments. And I hope this would give you more color about the deal and also somewhat the financial profile and the impacts to our P&L.

Yanfeng Jiang - *The Benchmark Company, LLC, Research Division - Equity Research Analyst*

Got it. That's very helpful. Just quick follow up there. It seems like the CRM solution also there's substantial opportunities down the road. Just wonder whether you could give us additional color on the competitive landscape there? And then why EBITDA of iClick could essentially set out to be like, say, a major player in that specific field going forward?

Wing Hong Hsieh - *iClick Interactive Asia Group Limited - Chairman of the Board, CEO & Co-Founder*

Great. Thanks, Fawne, for the questions. I think right now, the CRM business is still in a very infant stage in the China business. So, our core focus is trying to sell our CRM solution to our existing client base of more than 2,000 global enterprise, which we are servicing right now. Our target in 2019 is a 5% conversion rate. We actually have a very strong pipeline with at least 20% of these clients wanting our solution -- wanting our CRM solution right now. Through our strong partnership we have with Tencent, we should also get referrals from them from time to time. Through our offering as an integrated CRM and marketing solution to both existing and new customers, we'll be able to really enhance the client stickiness and relevance. And we are relying on our solutions, which will also benefit future marketing efforts of our new enterprise solution, such as the HR modules, the loyalty programs and a training modules, et cetera and et cetera.

Operator

Our next question is from the line of Darren Aftahi of Roth Capital Partners.



Darren Paul Aftahi - Roth Capital Partners, LLC, Research Division - MD & Senior Research Analyst

So couple of questions, following up on the CRM strategy and then the Changyi acquisition. So one, why didn't you acquire the whole targeted company outright as opposed to making a controlling investment?

Terence Li - iClick Interactive Asia Group Limited - CFO

Darren, this is Terence. I think from our perspective, we do have a chance to control in the future, and we also need to, honestly, to leave enough incentive to the management team that's running the company right now. At the times when we see the business really growing, then we would be able to further do more acquisitions and we have more business with the new company that's joining us.

Darren Paul Aftahi - Roth Capital Partners, LLC, Research Division - MD & Senior Research Analyst

Got it. And I think if I heard you right you said your 2019 SaaS CRM contribution would be mid-to high single digits in terms of percent of revenue and 10% to 15% of gross margin profit contribution. Is that correct?

Terence Li - iClick Interactive Asia Group Limited - CFO

Yes, that's correct.

Darren Paul Aftahi - Roth Capital Partners, LLC, Research Division - MD & Senior Research Analyst

Okay. So my first question is how -- first question will be, how much of that CRM marketing revenue right now is recurring? And then what, kind of, run rate is it currently sitting at heading into well, I guess, we're down in the first quarter, but let's say, heading into the second quarter perhaps maybe a look back, what it was sort of Q1 run rate for SaaS revenue right now?

Terence Li - iClick Interactive Asia Group Limited - CFO

We currently do have around \$2 million to \$3 million like a contract that's tied up. So we are waiting for the deployment of that. And because of certain revenue recognition, kind of, like basis that we need to still work on. So the recognition may be like up to 30 -- 50% at the moment, but we do have a pipeline also coming in around like 20, 30 companies in the pipeline right now. And so far from the client, we have signed on our CRM services. We see that orders like revenue has a very high retention of the recurring revenue. Because now we are providing them with a solution which can help enterprises to operate their sales and marketing data on our platform. So, we see this CRM revenue will be a very highly recurring revenue going forward to us.

Darren Paul Aftahi - Roth Capital Partners, LLC, Research Division - MD & Senior Research Analyst

Sure. Two more for me. One, so Sammy, I think you called out, you're looking for a 5% conversion rate and 20% win rate of the CRM solution. So my question to you is when you look at the opportunity for your CRM solution out of your 2,000 current global enterprises plus perhaps anything a Tencent or a Baidu could refer to you, like how big of a client opportunity realistically is this for this business?

Terence Li - iClick Interactive Asia Group Limited - CFO

I think currently, right now, we are charging every single client on USD 300,000 to USD 400,000 as a setup fee. And then starting from second year, we are charging our client as a -- 20%, 20% to 25% going forward as a recurring a maintenance fee. So this is like the average, we are charging. And I just mentioned that 5% of our 2,000 global enterprises right now that will convert into 60 to 80 prospects -- signing prospects for us in 2019. We -- I think these are prospects have already been -- keep us very busy in 2019.

Darren Paul Aftahi - Roth Capital Partners, LLC, Research Division - MD & Senior Research Analyst

Great. And then just last one. Terence, did I hear you right, you said you had \$1.3 million related to the acquisition in 4Q. Is that right?

Terence Li - iClick Interactive Asia Group Limited - CFO

What acquisitions you're referring to. Can you please specify on that?

Darren Paul Aftahi - Roth Capital Partners, LLC, Research Division - MD & Senior Research Analyst

Changyi, you made a comment about \$1.3 million I think in nonrecurring cost. Is that related to the acquisition or is that ramp of the CRM solution?

Terence Li - iClick Interactive Asia Group Limited - CFO

You mean our cost incurred in the acquisition of the deal, right? So yes, that's correct, around \$1.3 million plus some other additional costs in other one-off expenses.

Darren Paul Aftahi - Roth Capital Partners, LLC, Research Division - MD & Senior Research Analyst

Okay, got it. So I guess my question is in the fourth quarter and heading into 2019 since you're not giving adjusted EBITDA guidance, how much of a ramp in cost, I guess, in particular R&D should we assume for in perhaps sales and marketing for your new platform?

Terence Li - iClick Interactive Asia Group Limited - CFO

There would be additional R&D and engineering cost, less would be on the sales and marketing cost because mostly, we would still be leveraging the existing sales network and our sales persons. So I will say there would still be like a \$2 million, \$3 million [H1], like all pass in the Q1 quarter to be spending on all these new CRM solutions. But we are expecting that it will possibly generate an equal amount of gross profit contributions to level out our past impact.

Operator

Our next question is from Bo Pang of Oppenheimer.

Bo Pang - Oppenheimer & Co. Inc., Research Division - Former Associate

So just a quick follow-up on the EBITDA margins. I think 4Q gross margin actually improved versus last quarter and then -- but I think the EBITDA margins actually deteriorated a little bit. So which operating line drove the increasing cost and why? And I understand you gave guidance on gross profit margin for 2019, but how should we think about the EBITDA margins for 2019 as well. Because -- will the trend in 4Q continue in 2019? That's my first question.

Terence Li - iClick Interactive Asia Group Limited - CFO

Okay. Bo Pang, thank you very much for the questions. And I think that's good questions. There's a lot of one-off in the fourth quarter for us in terms of building up these new solutions and also combining the business with Changyi. So we incurred some additional one-off expenses in some of their new staff that we are acquiring. And also during the year-end we usually have more expenses in different -- across different departments like



the bonus like one-off. And we incurred more R&D and more sales and marketing expenses in particular for the CRM business that we're building on. So what I want to emphasize is these are all one-off and is not going to spill over to the Q1 we are working on right now. So in terms of your second part of the question about the EBITDA margin, I think particularly in this quarter we would be seeing some negative numbers. But going into Q1, we will be expecting positive numbers to be coming back again. So we believe that our lap-age is still there and actually would be more because our scale is going up. And also you see that we've also given guidance about the gross margin profile, which we believe we would be able to improve like Q-by-Q. So that's why we have certain confidence in terms of delivering the numbers. And also, if you look at our guidance, you would note our gross margin is like 26%, 28% in Q1. So it's easy to divide and calculate that the bottom line in -- within more control, kind of, all past environments that will be able to give you some positive numbers.

Bo Pang - *Oppenheimer & Co. Inc., Research Division - Former Associate*

That's really helpful. And then my second question is, if we look at the revenue guidance for 1Q and the whole year, the whole year is actually faster than 1Q, so I guess that implies an acceleration after 1Q. Could you just talk about what will drive the acceleration after 1Q. Would that be just like easier comps or the CRM business ramping up?

Terence Li - *iClick Interactive Asia Group Limited - CFO*

Okay. I think you got it right. First, we have this CRM business and some new initiatives that we're building, including some of the international expansions, clients that we're already fostering and will be seeing some major or more contributions in the next couple of quarters. But if you look at our industry, basically, the first quarter is usually the softest quarter of our business. So if we could be able to deliver like 20% or near 20% of our whole year budget. We usually will be able to deliver the full number. So I believe the Q1's guidance is still quite realistic to achieve our full year guidance.

Operator

And we have Robin Leung of Daiwa.

Chun-Yin Leung - *Daiwa Securities Co. Ltd., Research Division - Research Analyst*

Could management share with us which are the top 5 industry verticals in terms of ad revenue contributions? And how many percentage of our ad is distributed through the WeChat or the Tencent platform? And are we going to see the percentage increase going forward?

Terence Li - *iClick Interactive Asia Group Limited - CFO*

Okay. So Robin, thanks for the questions. So our top 5 verticals are entertainment, e-commerce, travel and hospitalities, autos, banking and finance, total taking around like 60% of our spending already. And in terms of your questions on our budget allocation, currently, we are allocating over 60% to Tencent, especially on the programmatic marketplaces and then 20% into Baidu and then the rest 40% out of rest of the other over 10,000 publishers in China market.

Operator

(Operator Instructions) Our next question is from the line of Nelson Cheung of Citibank.

Nelson Cheung - Citi - Research Analyst

On behalf of the (inaudible), I have some question on the development in mini program. So apart from the mini program initiative you just mentioned with Changyi, can management share your latest initiatives and development on mini program? And do you see any benefits from perhaps rising at [units] within the Tencent ecosystem.

Wing Hong Hsieh - iClick Interactive Asia Group Limited - Chairman of the Board, CEO & Co-Founder

Okay. Thanks, Nelson for the questions. So we have already discussed, many of our initiatives were for Tencent. I think we shared the mini program, that's one of the top key like initiative right now we are working on. I think for the new mini programs from Tencent, that can give the users with the assets new to the product and also other services. We're seeing the messaging platforms, the WeChat. So we think that can provide all our brands and also our enterprises with a new entrance from the Internet. And the key on our solution on the CRM is how we can integrate the data from the Tencent mini programs and also work on the enterprise WeChat and also on the customers like our back-end program. So this could be highly relied on our connection, the ATI connection with other Tencent products, for example, the WeChat payments, the Tencent cloud. This -- all the part of the parcel of our new enterprise and CRM solution. And also we are also working with other publishers, for example, like Baidu, so they're also developing their own mini programs too. We can also offer our CRM solution with Baidu like what we have been doing with Tencent. We have been working closely with Baidu for a long time. And we're looking forward to helping them to view a brave new monetization model based on their mini programs.

Nelson Cheung - Citi - Research Analyst

And so quick follow-up on your spend on mini program. Yes, so -- can management share a brief percentage on how much will you spend on mini programs for Tencent and for Baidu separately?

Terence Li - iClick Interactive Asia Group Limited - CFO

I think we have already mentioned in the previous questions. We are spending -- in terms of the budget allocation, we are spending over like 60% with the Tencent programmatic marketplaces in which we do not have any breakdown of the mini programs and other products within the Tencent marketplaces. And therefore, Baidu, we're spending around 20% on the Baidu systems.

Operator

Our next question is from the line of Fawne Jiang of Benchmark.

Yanfang Jiang - The Benchmark Company, LLC, Research Division - Equity Research Analyst

Just a quick follow-up. Terence, you mentioned that international market is part of your gross initiatives or strategy for '19. Just wonder whether you can give us any update with regard your international business for '18 specifically into revenue contribution? And then how should we look at, I guess, the growth outlook for FY '19 and beyond?

Wing Hong Hsieh - iClick Interactive Asia Group Limited - Chairman of the Board, CEO & Co-Founder

Okay. So I think -- thanks Fawne for the questions. I think we are in close talks with other strong partners locally in Southeast Asia countries to view up our different media and also marketing technology models. So prime locations like Thailand, Korea, Japan are the key markets we want to go into. So we believe that we will be seeing additional business opportunities coming from overseas, especially we have been seeing that increase in the Chinese outbound travelers. And we believe that our international business -- the iClick international business will be benefit from this. I think right now, we have approximately around 30% of our total revenue coming from overseas market going forward in 2019.



Yanfang Jiang - *The Benchmark Company, LLC, Research Division - Equity Research Analyst*

Got it. Sammy, is there any margin difference of your international business versus your domestic there overall?

Terence Li - *iClick Interactive Asia Group Limited - CFO*

You mean the margins, right?

Yanfang Jiang - *The Benchmark Company, LLC, Research Division - Equity Research Analyst*

Yes, exactly.

Terence Li - *iClick Interactive Asia Group Limited - CFO*

Yes, Fawne, this is Terence. I think, yes, our international usually provides better in terms of margin, particular some of the initiatives that we just target like Ctrip. And that's why you also see the margin improvement in the quarter, some of the numbers that actually coming from these international expansions business that we are doing.

Wing Hong Hsieh - *iClick Interactive Asia Group Limited - Chairman of the Board, CEO & Co-Founder*

Yes, because I just want to add on below that, the reason why we have the higher margin profile in our international business because we have been accumulating more than 700 million of the audience profiles, which mainly offer the advertisers like the Tourism Board, the duty-free shop or the cosmetics or the retail, they want to leverage in our data set so that we can always markup on the audience profile we help them to do more and more precise targeting on the Chinese outbound shoppers.

Operator

Ladies and gentlemen, that's the end of our question-and-answer session. I'd now like to hand the conference back to Lisa. Please go ahead.

Lisa Li - *iClick Interactive Asia Group Limited - Senior Manager of Investor Relations*

Thank you once again for joining us today. If you have any further questions, please feel free to contact iClick's Investor Relations department through the contact information provided on our website.

Operator

Thank you. Ladies and gentlemen, that does conclude the conference for today. Thank you for participating. You may all now disconnect.

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