



# Interim Results Presentation

Half Year Ended 30 June 2021

23 September 2021

# Executive Summary

- › Strong and rapid recovery from 2020
- › Revenue and profitability in line with H1 management expectations
- › Supported by return of existing client activity and healthy new business
- › Digital revenue gaining momentum and profit contribution growing
- › Development of new portfolio of digital product solutions is progressing well
- › Financial position at June 30th remains strong

# Financial Overview

## FINANCIAL OVERVIEW

### Group Income Statement Summary

Income Statement	2021	2020	Change	
	£m	£m	£m	%
Revenue	32.0	26.8	5.2	20%
Operating Expenses	29.7	28.2	1.6	6%
Underlying Operating Profit/(Loss)	2.3	(1.4)	3.7	
<i>Operating Margin</i>	7%	(5)%		
Finance Costs	0.3	0.5	0.2	(50)%
Underlying Profit/(Loss) before Tax	2.0	(1.9)	3.9	
Underlying Earnings/(Loss) per Share (p)	1.4p	(2.7)p	4.1p	

*Underlying figures shown for operating expenses, operating profit, profit before tax and EPS*

## FINANCIAL OVERVIEW

# Balance Sheet Summary

- › Net working capital includes £14.7m of net trade receivables (2020: £15.6m)
- › Debtor days increased to 68 days from 58 days at 31 December 2020
- › IFRS 16 impact: 'Right-of-use asset' of £5.2m (2020: £6.2m) in non-current assets; £2.5m (2020: £2.3m) in other current liabilities and £4.7m (2020: 5.8m) in other non-current liabilities
- › Deferred consideration of £0.6m relates to the final tranche of the Ireland earnout, settled in full in July 2021
- › Net debt of £10.3m comprises £9.3m net cash (2020: net cash £11.1m), £19.0m bank loan (2020: £19.0m) and £0.7m US PPP loan (2020: £0.8m)

Balance Sheet	30 June 2021	31 Dec 2020
	£m	£m
Goodwill	28.2	28.6
Other intangible assets	5.5	6.1
Non-current assets	8.2	9.6
Net working capital	7.3	8.5
Other current liabilities	(3.8)	(4.3)
Deferred consideration	(0.6)	(2.0)
Other non-current liabilities	(6.1)	(7.3)
Net debt	(10.3)	(8.5)
Net assets	28.4	30.7

## FINANCIAL OVERVIEW

# Cash Flow Statement

- › Underlying cash inflow from operations of £3.4m; including highlighted items: £2.9m
- › Underlying working capital outflow of £1.3m
- › Investing activities include:
  - £1.3m on Italy minority earn out payments
  - £0.6m on internally generated R&D;
- › Financing activities include:
  - Lease payments (per IFRS 16) of £0.9m

Cash Flow (includes highlighted items)	2021	2020
	£m	£m
Cash generated from operations	2.9	4.3
Interest and Tax	(1.4)	(1.5)
Net cash generated from operating activities	1.5	2.8
Net cash (used in) investing activities	(2.0)	(1.4)
Net cash (used in)/generated by financing activities	(1.0)	4.5
Net (decrease)/increase in bank and cash	(1.5)	5.9
Opening balance at beginning of the period	11.1	8.2
Foreign exchange	(0.3)	0.4
Cash balance at end of period	9.3	14.5

## FINANCIAL OVERVIEW

Our financial position remains strong

Liquidity	August 2021	June 2021	December 2020
	£m	£m	£m
Gross Debt	(19.0)	(19.0)	(19.0)
Cash Balances	10.6	9.3	11.1
Loan fee prepayments	0.1	0.1	0.1
Net Bank Debt	(8.3)	(9.6)	(7.8)
Undrawn Facilities	5.0	5.0	5.0

*The figures above exclude the US Paycheck Protection Programme loan of £0.7m treated as a financial liability as at 30 June. The Loan Forgiveness was confirmed in August 2021 resulting in P&L credit to be recognised in H2 2021.*

Covenants as modified in March 2021:

- Liquidity at each month end > £5m, increasing to > £7m from September 2021
- From September 2021:
  - interest cover at > 4.0,
  - adjusted deferred consideration leverage, initially at < 4.0, increasing to < 4.25 in December 2021 and to < 4.5 in March 2022, then reducing to < 3.5 in June 2022.
- From September 2022, covenants revert to those in place until June 2020:
  - Interest cover > 4.0,
  - Adjusted leverage < 2.5,
  - Adjusted deferred consideration leverage < 3.0

FINANCIAL OVERVIEW

Revenue by segment

- › Media includes:
  - Media Performance up 15%
  - Media Management up 90%
  - Contract Compliance up 31%
- › Analytics & Tech includes:
  - Advanced Analytics up 10%
  - AdTech up 41%
  - MarTech up 7%

Revenue	2021	2020	Change	
	£m	£m	£m	£m
Media	26.8	21.9	4.9	22%
Analytics and Tech	5.2	4.9	0.3	7%
Total	32.0	26.8	5.3	20%

FINANCIAL OVERVIEW

Operating Profit by segment

Operating Profit	2021	2020	Change		Operating Profit Margin %	
	£m	£m	£m	£m	2021	2020
Media	5.3	2.4	2.9	124%	20%	11%
Analytics and Tech	0.4	(0.7)	1.1	(160)%	8%	(15)%
Unallocated costs	(3.4)	(3.0)	(0.4)	14%		
Total	2.3	(1.4)	3.7	(266)%	7%	(5)%

*Underlying figures shown for operating profit*

# Progress against strategy

## Media market context

- › Global advertising markets return to growth
- › Digital continues to drive market – rapid growth of e-retail media
- › Transition of linear TV audiences to streaming services
- › Advanced TV growing strongly in several markets
- › Inflationary pressures seen in broadcast media
- › Prominence of consumer privacy, consent, and data protection requirements
- › High volume of media business put out to tender

## PROGRESS AGAINST STRATEGY

### Addressing the market need

- › Channel fragmentation and complexity continues to increase
- › Very significant problems of governance, wastage and inefficiency in digital supply chain
- › Dynamics around 3<sup>rd</sup> party identifiers challenges brands' audience targeting strategies
- › Capability of some ad tech players under pressure
- › Agencies – conflicted business model
- › Loss of marketing effectiveness
- › Where to get advice from, who to trust?

# Ebiquity is the world leader in media investment analysis

We harness the power of data to provide independent, fact-based advice, enabling brand owners to perfect media investment decisions and **improve business outcomes.**

We are a data-driven solutions company helping brand owners drive efficiency and effectiveness from their media spend, eliminating wastage and creating value.

We provide analysis and solutions through five Service Lines:

- › **Media management**
- › **Media performance**
- › **Marketing effectiveness**
- › **Technology advisory**
- › **Contract compliance**

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Ebiquity is able to provide **independent, unbiased advice and solutions** to brands because we have no commercial interest in any part of the media supply chain.



More than **500 media specialists** operate from our 19 offices worldwide covering **80% of the global advertising market.**



Ebiquity has the most comprehensive, independent view of today's global media market. We **analyse \$55bn of media spend from 75 markets** annually, including trillions of digital media impressions. Our Contract Compliance division, FirmDecisions, **audits \$40bn of contract value** annually. As a result, more than **70 of the world's top 100 advertisers today choose Ebiquity** as their trusted independent media advisor.

## PROGRESS AGAINST STRATEGY

### Strategy

- › Increase revenue from digital services by developing productised data solutions
- › Build higher value strategic relationships with major customers
- › Improve operational efficiency
- › Integrate the business geographically
- › Strengthen the business in North America and Asia Pacific

## PROGRESS AGAINST STRATEGY

Product:- development of productised solutions for digital market is on track

- Media Data Vault scaled infrastructure is live
- Strong revenue growth from original Sourcing and Monitoring product
- Two new products launched in July – Campaign Governance and Audience Data Assessment
- Responsible Media Investment product in pilot – 6 months data to be reviewed in January
- Client uptake of new digital solutions ahead of plan
- Further products under development for Q4 launch

## PROGRESS AGAINST STRATEGY

Clients:- positive progress in development of higher value strategic clients

- Revenue from higher value strategic clients growing ahead of expectations
- Addition of three new Global Client Partners adds to bench strength of strategic customer management and broadens geographic reach – US, Paris, Amsterdam
- Media Management gained major global agency selection mandates
  - including Unilever, Ferrero, BMW, Daimler
- Effective cross-sell into new digital product solutions
- Planning for Global Client Solutions Centre now progressing
- Slower growth from mid tier and long tail clients

## PROGRESS AGAINST STRATEGY

### Operational efficiency:- steps along the road

- Simplified management structure implemented with horizontal integration under regional management
- Clarified offering through five Service Lines
- Process automation progress in the US Media Performance business, and a solution being tested in FirmDecisions
- Transfer of work to near-shore Media Operations Centre continues to plan
- Guatemala extension of Media Operations Centre to better support US time zone
- Further process harmonisation to develop for Media Performance

## PROGRESS AGAINST STRATEGY

### Geographic development:- strengthening the US and Asia Pacific

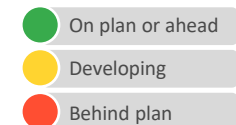
- New Managing Directors recruited in January in the US and China
- Several new business wins
  - › US - large global FMCG becomes top 3 client; global tech leader – including digital product solutions
  - › China - Huawei, MengNiu, LVMH, plus large global sports apparel brand
  - › SEA - Singapore Tourism Board global mandate
- Commenced Ebiquity operations in India

## PROGRESS AGAINST STRATEGY

### Operational metrics

		Baseline	Progress YTD
	# clients buying 2+ Service Lines	59	
	# clients buying 1 or more products from the new digital solutions portfolio	10	
	Volume of digital advertising analysed on the platform – impressions	112 bn	
	Value of digital advertising analysed on the platform – US\$	\$0.46bn	
	# countries served with the new digital solutions portfolio	50	
	% revenue derived from digital services	25%	

Baseline: As at 31<sup>st</sup> Dec 2020



## Outlook

- › Expect progress to continue in H2, but with some uncertainty over external environment
- › Having extended client relationships and secured new business in H1 there is good visibility on H2 revenue
- › We will maintain progress developing new digital product solutions and growing revenue
- › The full year outcome is anticipated to be slightly ahead of market expectations

## INTERIM RESULTS 2021

# Summary

- › Strong recovery in H1
- › Revenue growth from new productised digital service solutions ahead of plan
- › Further digital service solutions coming to market
- › Management team strengthened and progress made in key US and China markets
- › Higher value strategic client relationships developing ahead of our expectations
- › Rising complexity in media markets supports opportunities for Ebiquity

# Appendix

## APPENDIX

### Highlighted Items

- › £2.4m accrued in period for Digital Decisions' post-date remuneration, based on performance in 2021 and 2022. Total estimated payment of £10.2m, will become payable in April 2023.

Highlighted items	2021	2020
	£m	£m
Share based payments	0.2	(1.7)
Purchased intangible asset amortisation	0.5	0.6
Post-date remuneration	2.4	0.1
Onerous lease provisions	-	0.1
Severance & reorganisation costs	-	0.4
Refinancing costs	-	0.1
Deferred consideration adjustment	-	0.2
Taxation charge	(0.3)	0.1
Professional costs incurred re acquisitions	-	0.1
Total	2.9	(0.1)