



# Results Presentation

## Year ended 31 December 2016

### March 2017

# Agenda

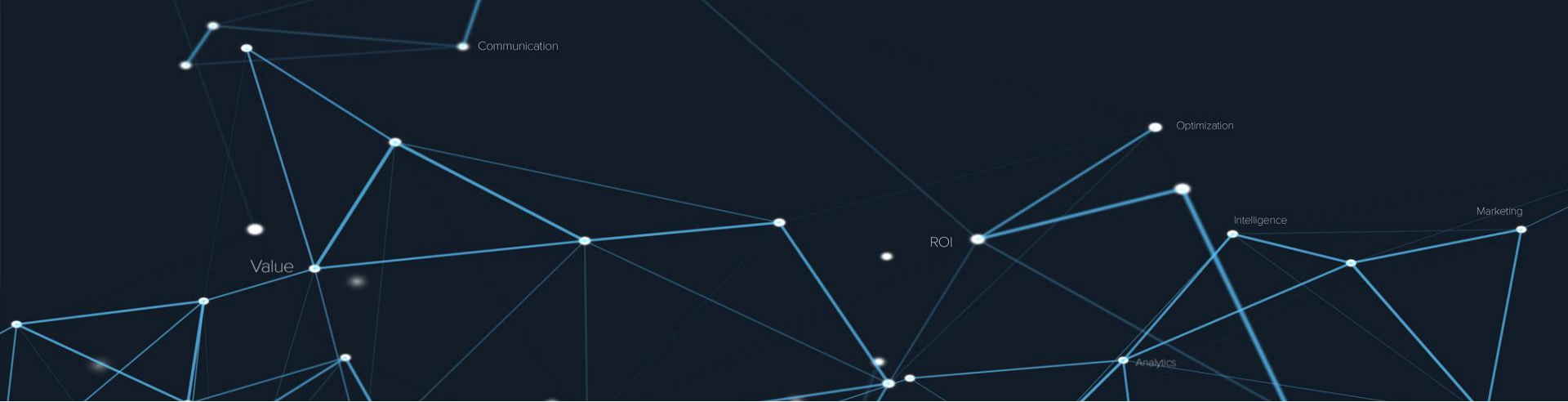
I 2016 review

II How we drive value

III Market Context

IV Financials & Outlook

V Appendices



## I) 2016 REVIEW



## 2016 REVIEW

# A year of progress and change

Growing revenue contribution from MVM and MPO – which now account for 72% versus 68% in 2015

Within AI, launched new Portfolio Media platform globally and Portfolio Digital in Australia

ANA<sup>1</sup> report firmly established us as a global thought leader in Media Transparency

Clients taking more than two of our services increased from 18% to 21%

Announced our Growth Acceleration Plan end of September

Reorganised the business around practice areas, regions and key clients

**ebiquity**

Data-driven insights

## Continued revenue, profit and earnings growth

9% revenue growth, with significant benefit from f/x , 2.1% LFL CC revenue growth

Underlying operating profit margin to 15.6%

Growth in underlying diluted EPS to 11.3p

Increase in proposed dividend to 0.65p per share

Underlying cash conversion of 88%

# Progress against key milestones

Milestone (as presented in September 2016)	Q4 2016
✓ <b>Implement new organisational structure</b>	
✓ <b>Introduce Strategic Media Consultancy service offering</b>	
✓ <b>Launch Digital Attribution Model</b>	
✓ <b>Kick-off phase 1 of Growth Support Programme (GSP)</b>	
✓ <b>Release of 2-year marketing programme</b>	
✓ <b>Commence Phase 1 rollout of Marketing Effectiveness Practice in Europe</b>	
✓ <b>Launch Marketing Effectiveness Practice in APAC market</b>	
Launch Marketing Effectiveness Practice in the US	
Assess go to market offering and launch schedule for Multichannel Analytics in Europe	
Kick-off phase 2 of Growth Support Programme (GSP)	
Introduce Multichannel Analytics into Europe (pending assessment)	
Commence Phase 2 rollout of Marketing Effectiveness Practice in Europe	2018

## Progress against key milestones – further detail:

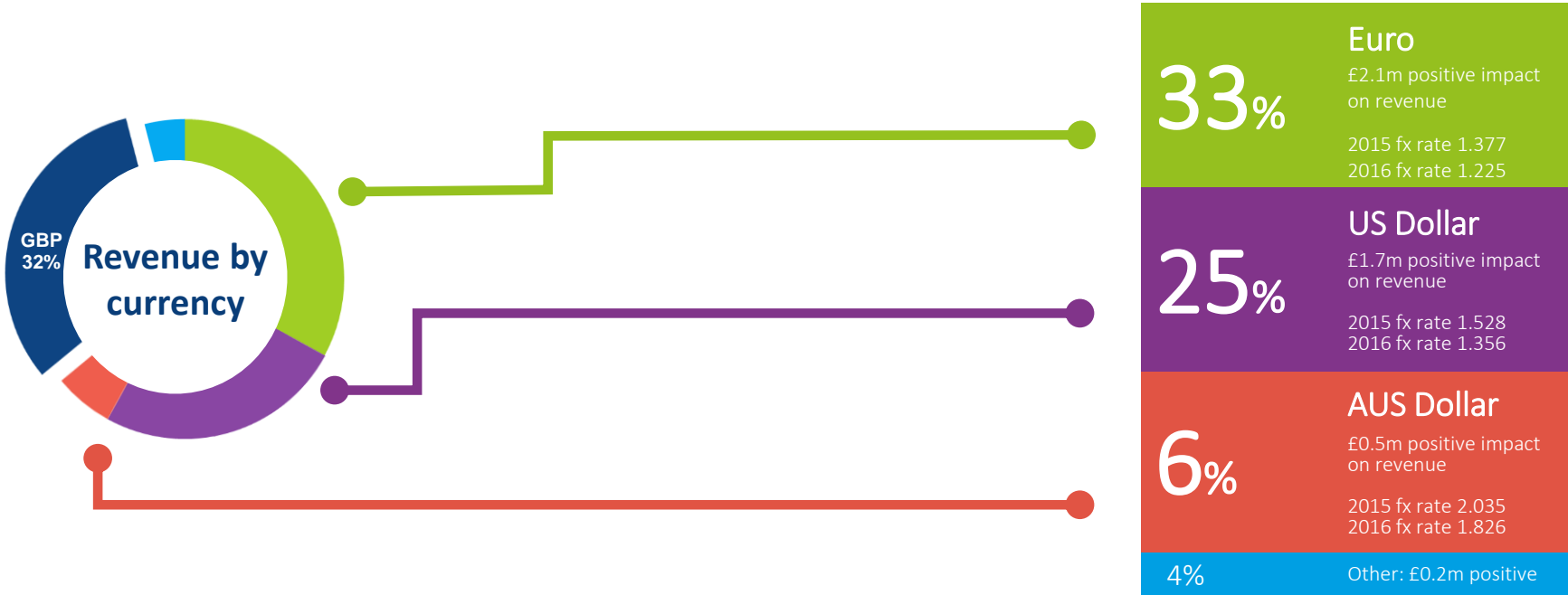
Milestone (as presented in September 2016)	Q4 2016
✓ Implemented new organisational structure	
✓ Introduced Strategic Media Consultancy service offering	
✓ Launch Digital Attribution Model	
✓ Product launch planned for Q2 2017	
✓ Kick-off phase 1 of Growth Support Programme (GSP)	
✓ Implemented talent review programme to ID key talent and focus on succession planning	
✓ Release of 2-year marketing programme	
✓ Moved towards publishing model; increased focus on external speaking engagement	
✓ Published 2017 Marketing Calendar with strategic focus on events	
✓ Commence Phase 1 rollout of Marketing Effectiveness Practice in Europe	
✓ Hired local practice leaders in Germany, France (including a project win)	
✓ Become core member of I-COM (data measurement global trade body)	
✓ Launch Marketing Effectiveness Practice in APAC market	
✓ Delivered first wave of landmark ThinkTV study in Australia	
✓ Hired regional effectiveness practice leaders in Singapore	

## Continued growth since last reported results

	Year ended December 2016	Year ended December 2015
Revenue	£83.6m	£76.6m
Op Profit	£13.0m	£12.4m
Op Mgn	15.6%	16.2%
PBT	£11.8m	£11.2m
EPS (u/l dil)	11.3p	10.8p

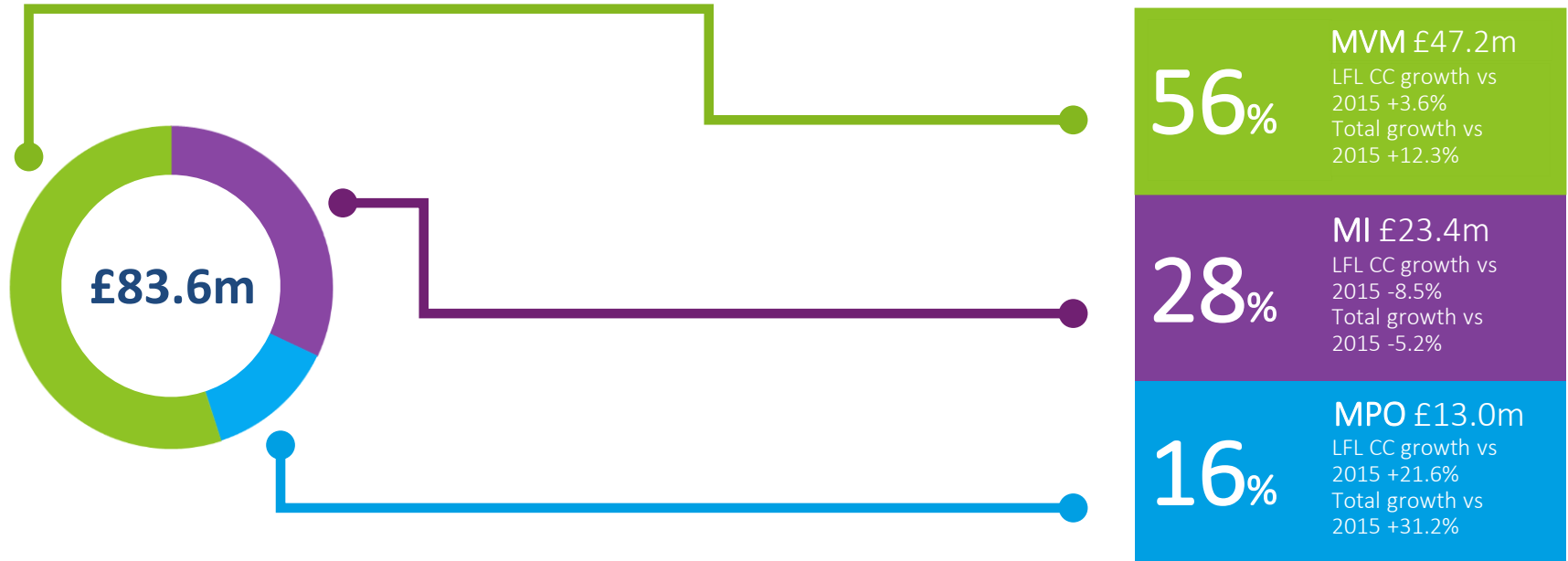


# 5.8% positive foreign exchange impact on revenue

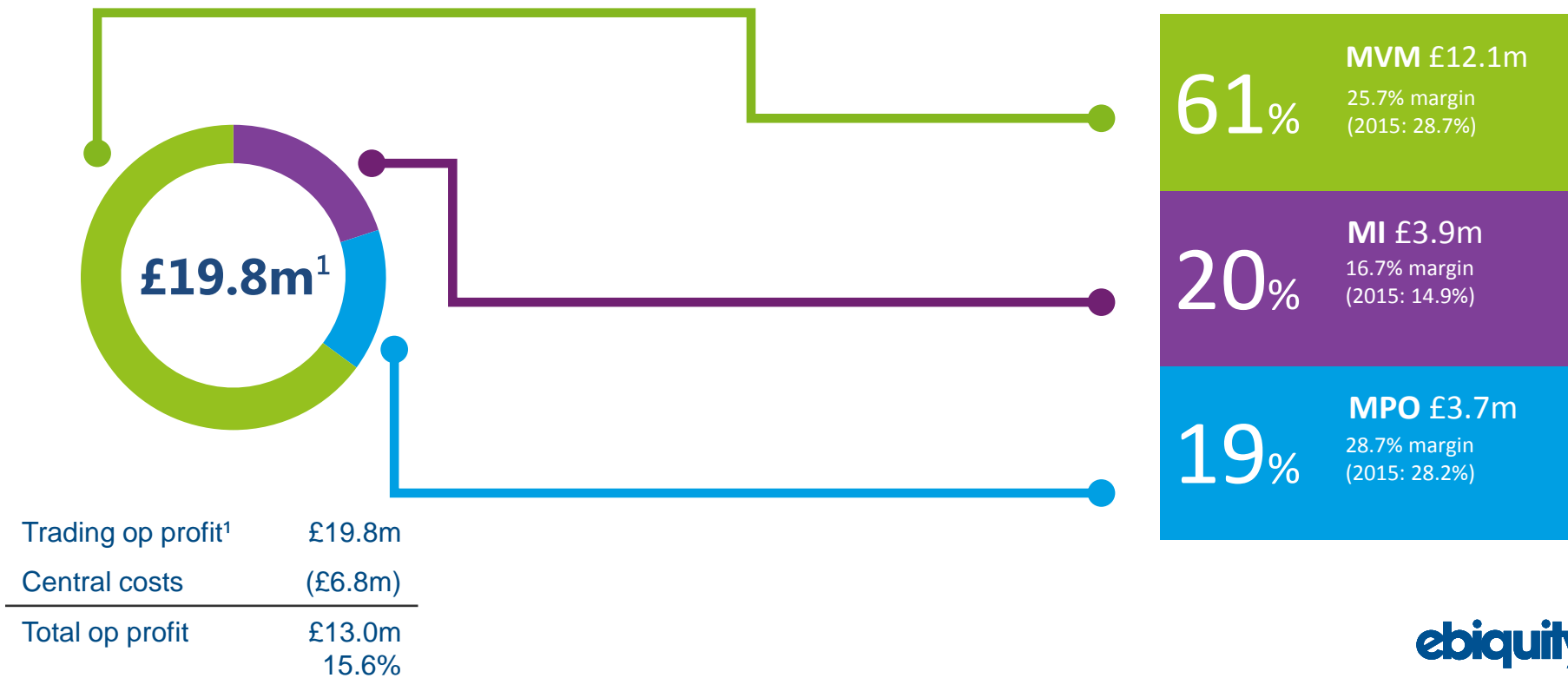


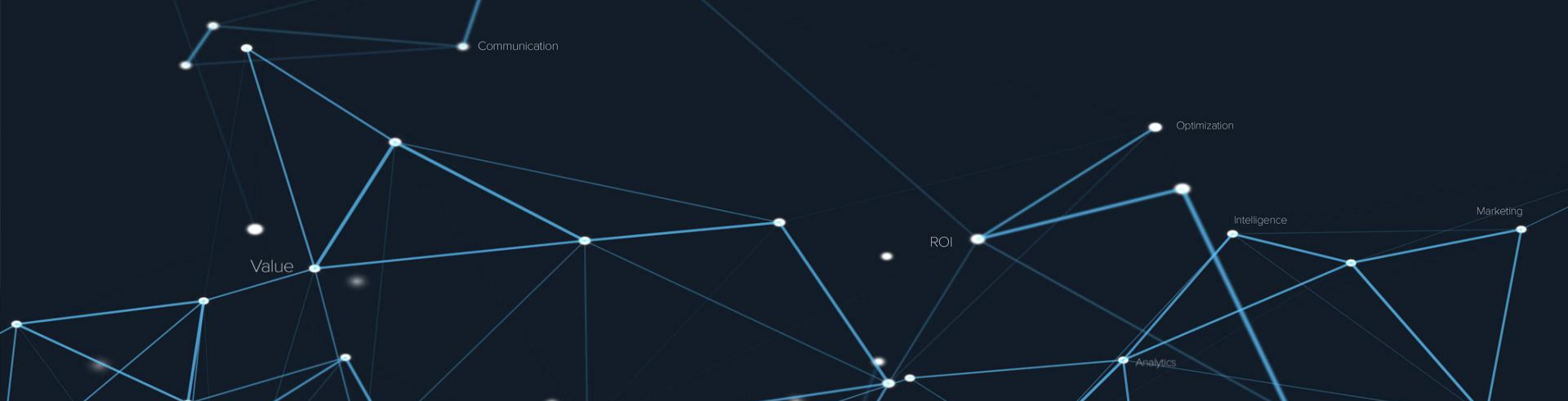
## 2016 REVIEW

MVM and MPO represent 72% of total revenue, up from 68% in 2015

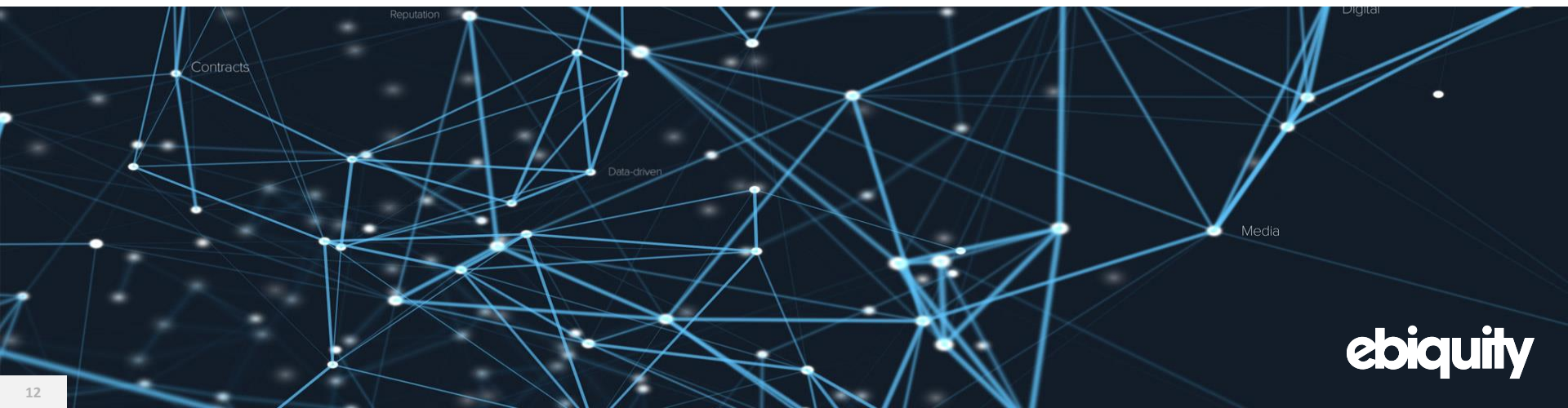


Group operating margin of 15.6%





## II) HOW WE DRIVE VALUE



Ebiquity is a world-leading,  
technology-enabled, independent consultancy,  
specializing in marketing and media analytics

## HOW WE DRIVE VALUE

# We go to market via a highly specialised service offering



Media Value  
Management (MVM)

Helping clients to increase  
**efficiency** and **transparency** in  
their media performance



Marketing Performance  
Optimization (MPO)

Enabling clients to decide where  
to allocate and how to **optimise**  
marketing investments



Market  
Intelligence (MI)

Providing clients with a **clear**  
**picture** of their own and their  
competitors' advertising

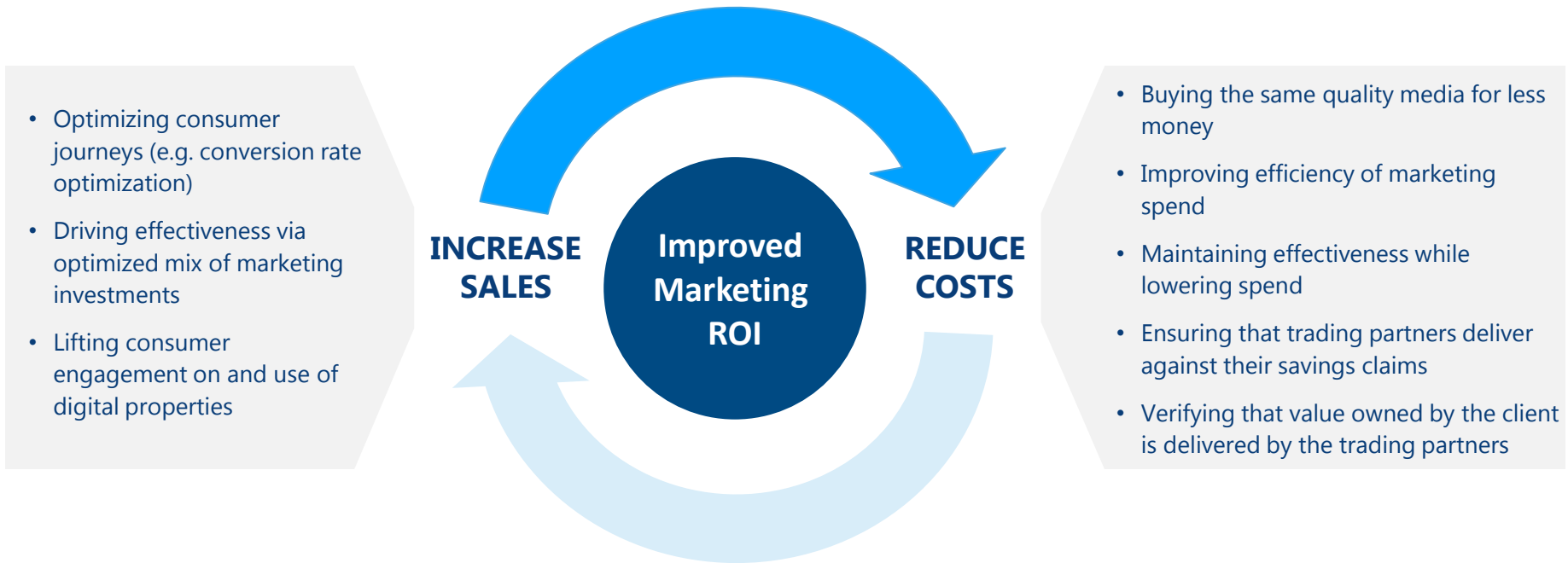
## HOW WE DRIVE VALUE

Our key differentiators are

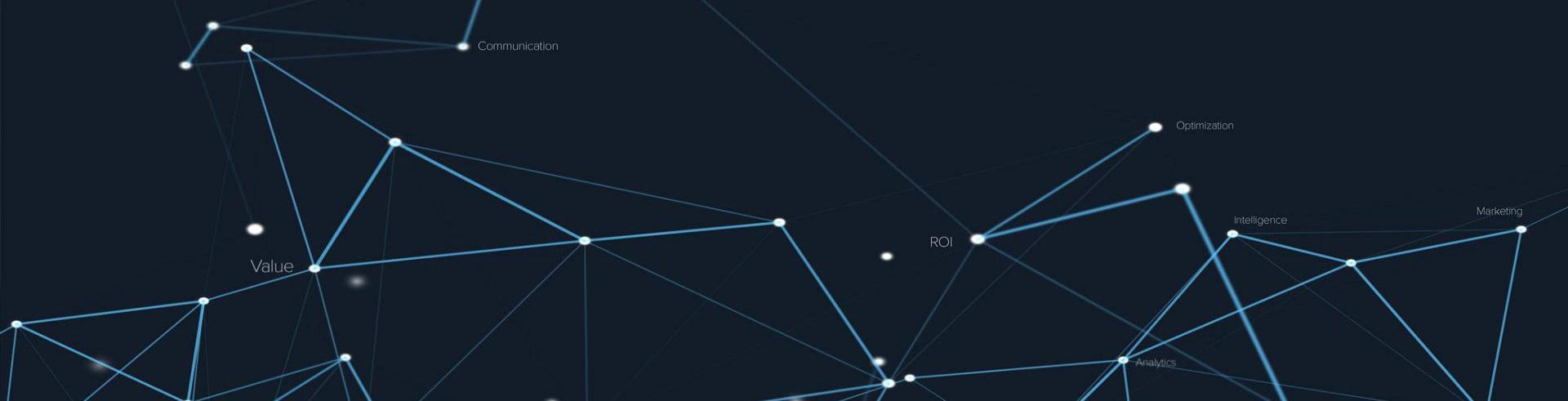


## HOW WE DRIVE VALUE

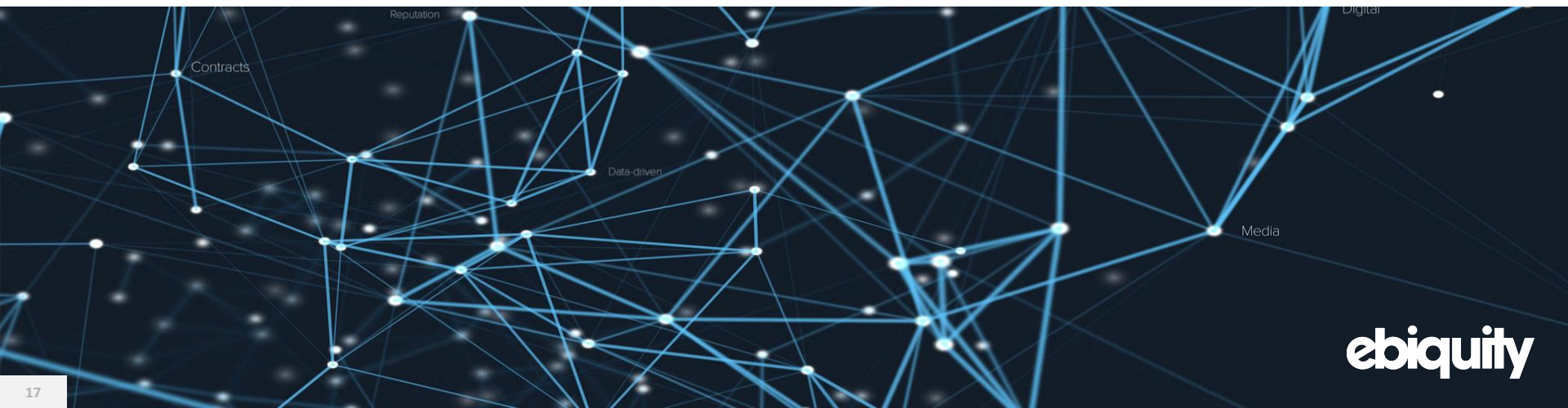
We help clients improve the return on marketing investments—  
with a typical ROI of five to ten times our fees







## III) MARKET CONTEXT



## MARKET CONTEXT

# Media transparency issues are starting to get primetime coverage and attention

*“We serve ads through a **non-transparent media supply chain**, poor standards adoption, too many players grading their own homework, too many hidden touches and too many criminals ripping us off.”*

—Marc Pritchard,  
Chief Brand Officer, **P&G**

*“**Only 40 per cent of a marketer’s digital dollar reaches the consumer.**”*

—Bob Liodice, CEO, **ANA**

*“You save money with programmatic, but **are you actually getting viewability?**”*

—Ian Wilson, Marketing Development, **Heineken**

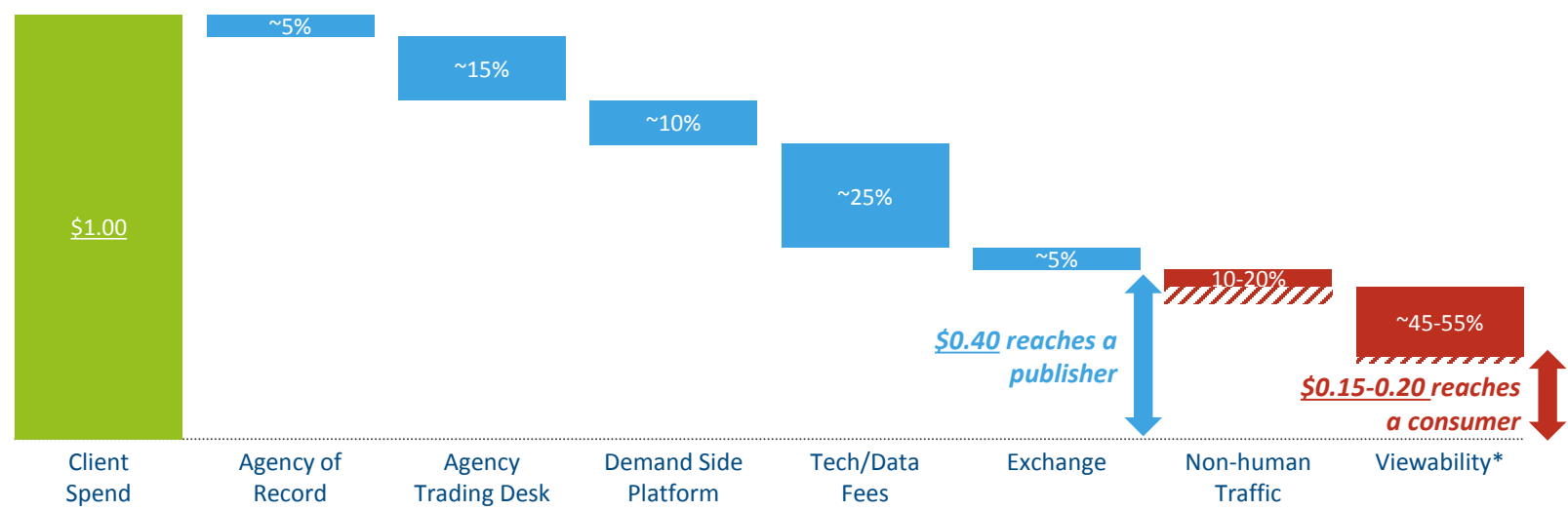
*“**2016 has been a challenging year** for the industry across the board... the industry is awash with data but a lot of industry marketing organisations are still data ignorant”*

—Jonathan Mildenhall,  
CMO, **Airbnb**

MARKET CONTEXT

But there is lots of work left to do...

In programmatic digital media trading, we have observed cases where only circa 15c of every 1\$ reach a real audience



Sources: WFA: WFA guide to Programmatic Media: What Every Advertiser Should Know about Media Markets survey of industry experts (Oct 2014); ANA/WhiteOps (17% programmatic bot traffic); Distil Networks (22.7% bot); Integral ad science (7.1%-display, 8.9%-video)  
\*Sources: metrics (45%); integral ad sciences (~50%); Google (56%); ComScore (54%); Ebiquity analysis Note: Net of valid traffic; viewability defined using MRC Standard 50% @ 2 seconds-for video ads; IAB standard 50% @ 1 second for display ads

## MARKET CONTEXT

Convincing marketers to understand the true effectiveness of their digital spend will take time

### INDUSTRY FORCES AT PLAY

#### **Shiny object syndrome**

*The industry is easily drawn to hype around new digital offerings*

#### **Staring up the learning curve**

*Many people in the industry don't come from a digital background; leadership are partly "in the dark"*

#### **Land grab effect**

*Many players in digital are trying to increase their share of client's budgets, especially as marketing technology budgets and digital media spend grows*

#### **Industry inertia**

*Change is difficult; risk of career veterans "playing it safe" rather than admit problems and reform their practices*

## MARKET CONTEXT

Even measurement standards will take time to catch up

### SAMPLE INDUSTRY-STANDARD METRICS

>50% of video in view for 2+ seconds

>50% of display ads in view for 1+ second

Impressions to measure reach

Cost-per-action to measure leads

### EBQ RECOMMENDED METRICS

>75% in view for 5+ seconds

>70% in view for 3+ seconds

Unique viewable reach

Attributed cost per conversion

**ebiquity**

Data-driven insights

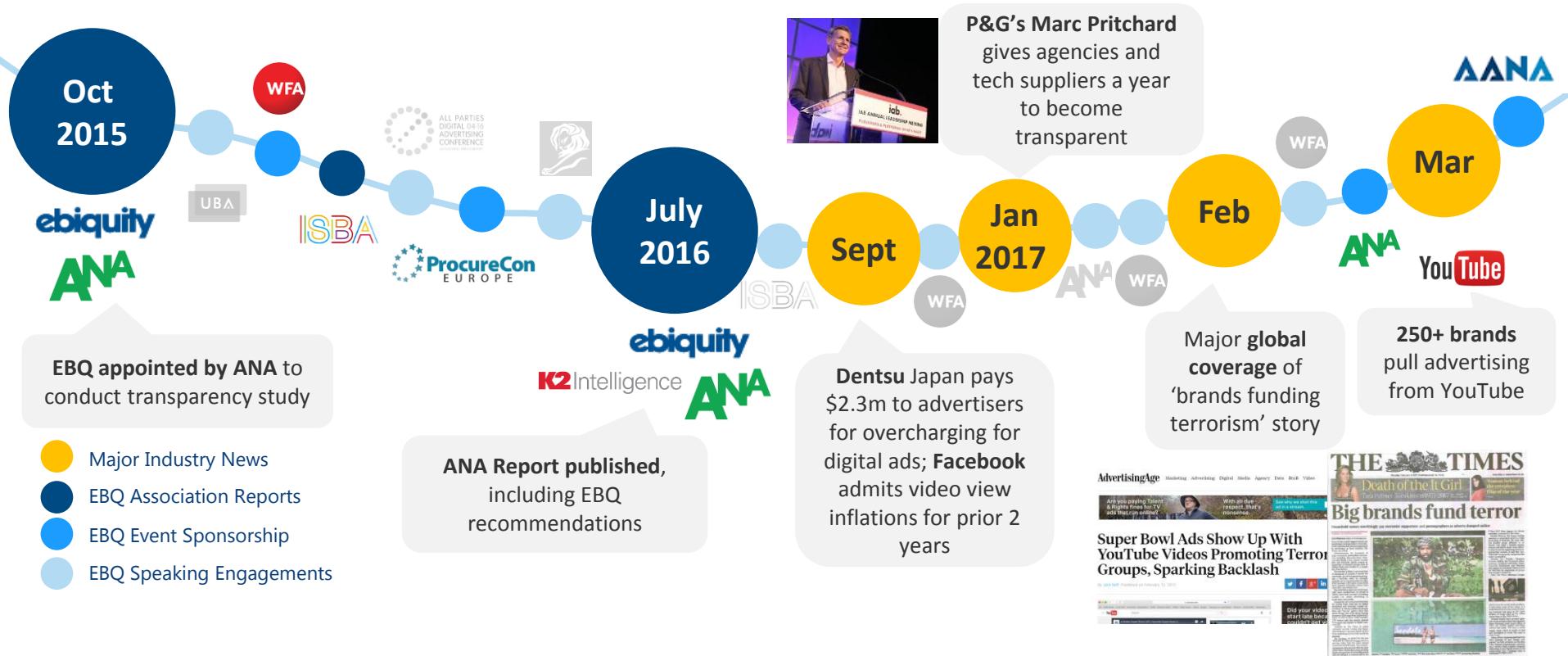
## MARKET CONTEXT

For many years, we have been successfully partnering with advertiser associations globally

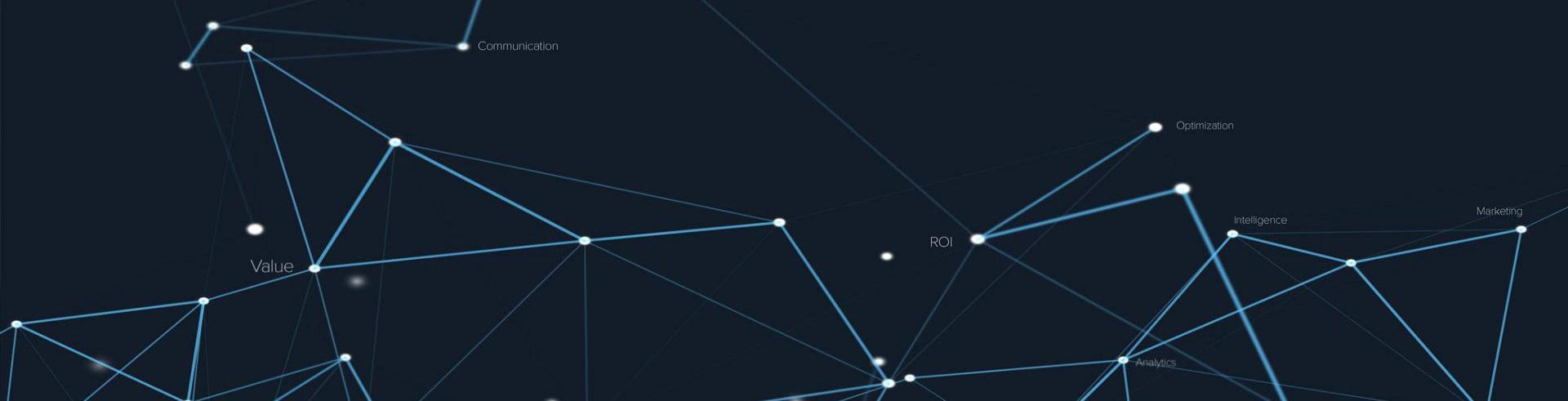


## MARKET CONTEXT

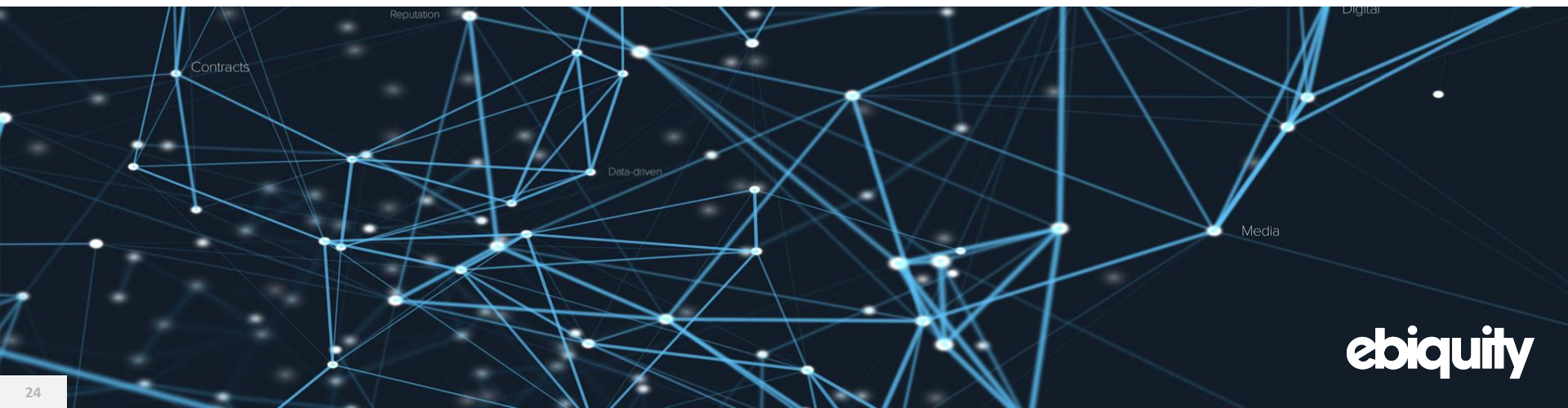
Ebiquity is influencing the dialogue around media transparency issues, helping create industry-wide momentum







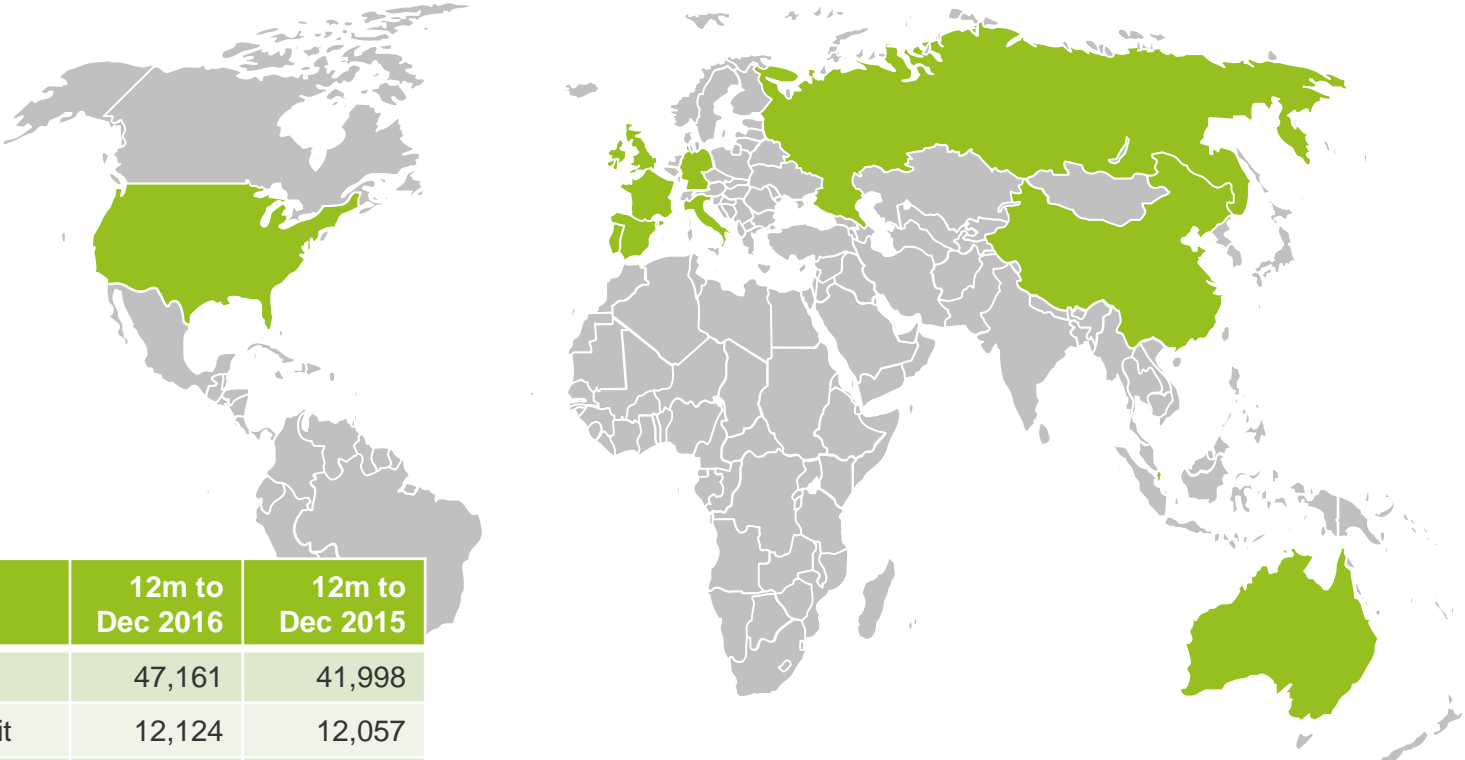
## IV) FINANCIALS & OUTLOOK





FINANCIALS

Continued strong growth from core MVM offering across 14 markets worldwide



MVM	12m to Dec 2016	12m to Dec 2015
Revenue	47,161	41,998
Operating profit	12,124	12,057
Margin	25.7%	28.7%

## FINANCIALS

# Continued strong growth from core MVM offering— 12.3% year-over-year

Strong demand for International, Digital and Pitch Management services

Revenue growth held back by contract compliance business, (LFL CC growth of 3.6%, excluding contract compliance LFL CC growth of 6.6%)

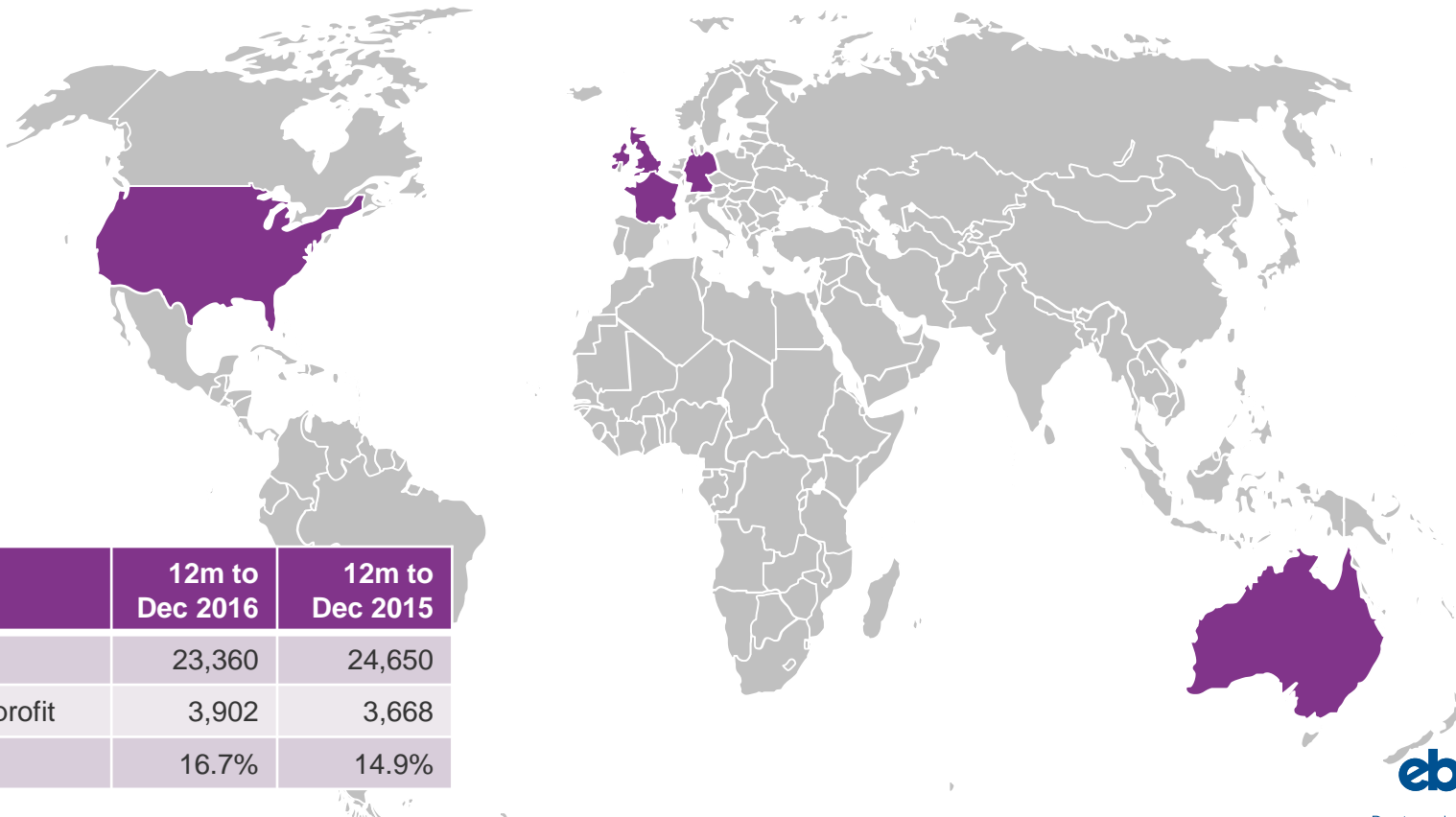
Significant currency impact on revenue (+6.5%) and smaller impact of acquisitions (+2.2%)

Operating margin declines as contract compliance revenue shortfall feeds through to profit, together with planned strengthening of resources in China and US

We view Media Transparency as a long-term revenue growth driver

FINANCIALS

Within MI, revenues generated out of 5 countries with coverage of over 90 markets worldwide



MI	12m to Dec 2016	12m to Dec 2015
Revenue	23,360	24,650
Operating profit	3,902	3,668
Margin	16.7%	14.9%

## FINANCIALS

Within MI, Ad Intel total revenue grew +1.7% globally; as expected project revenues in Reputation declined

Ad Intel (Portfolio) subscription revenue, more than 90% of MI revenue, LFL CC revenue down 1.7%

Ad Intel renewal rate of 88% by monetary value

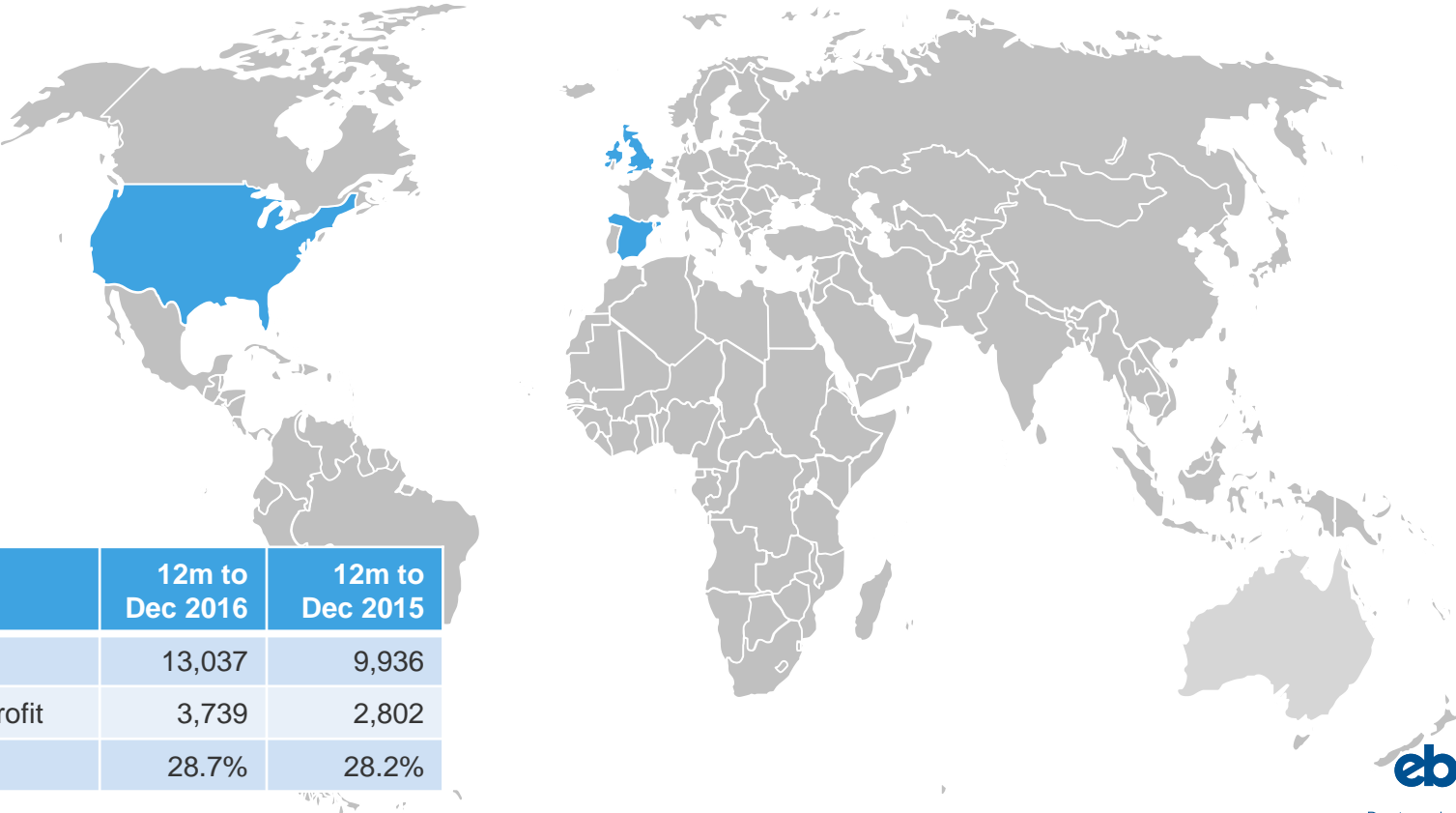
Portfolio Media launched September 2016, with Portfolio Digital roll out commencing. Enhancements well received by clients

Reputation project based revenue declined faster than planned

Margin improvement to 16.7% (2015: 14.9%) due to mix of revenues and cost management

FINANCIALS

Continued standout revenue growth in MPO, served from three markets in 2016



MPO	12m to Dec 2016	12m to Dec 2015
Revenue	13,037	9,936
Operating profit	3,739	2,802
Margin	28.7%	28.2%

## FINANCIALS

# Continued standout revenue growth in MPO, up 31.2%

Continued rapid growth in demand for services. Revenue growth of 21.6% LFL CC

Now accounts for 16% of the group (PY 13%)

Geographical expansion commenced with first Marketing effectiveness win in Asia Pacific in H2 2016, and roll out underway in France & Germany

Slight margin improvement to 28.7% (2015: 28.2%), but expected to decline in future to facilitate geographical expansion

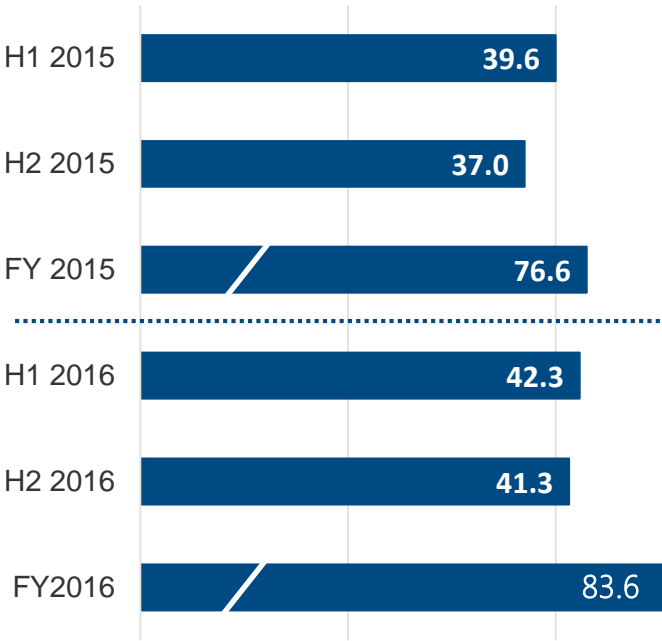
FINANCIALS

Cross-selling analysis – increasing number of clients taking more than 1 service.

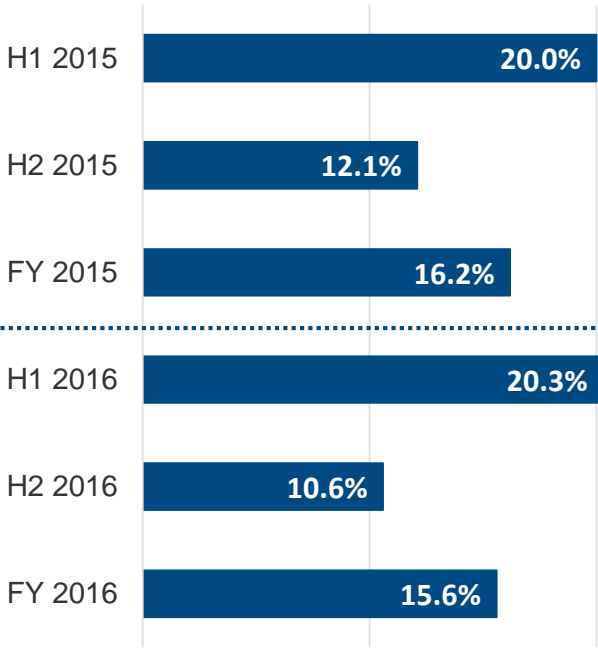
<i>All clients</i>	2012/13	2013/14	2014/15	2015	2016
2 services	11%	11%	13%	13%	15%
2+ services	14%	15%	17%	18%	21%
3+ services	3%	4%	4%	5%	6%

# Revenues and operating margins first half weighted

Revenue H1 v H2 (£'M)



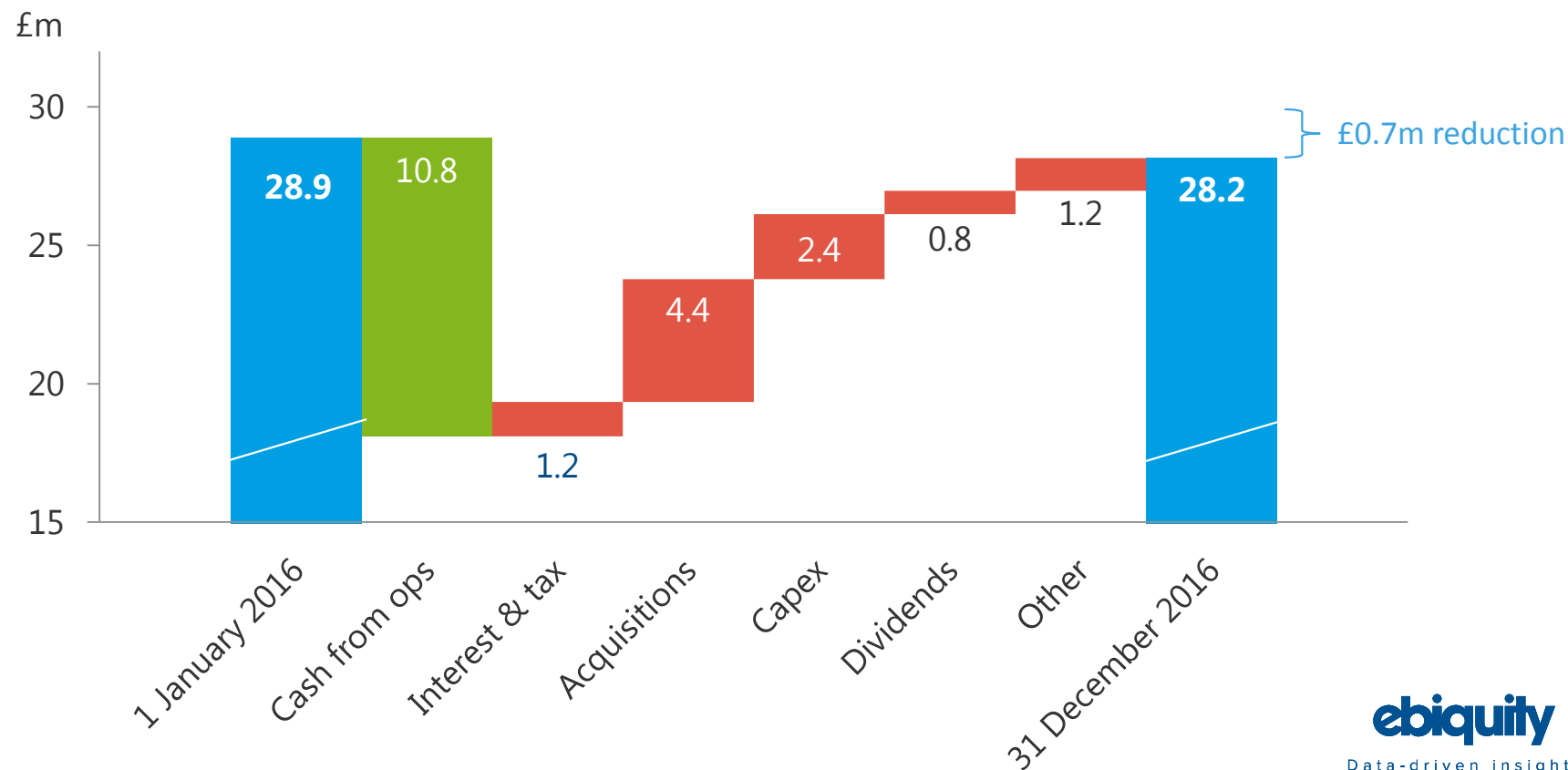
OP % H1 v H2



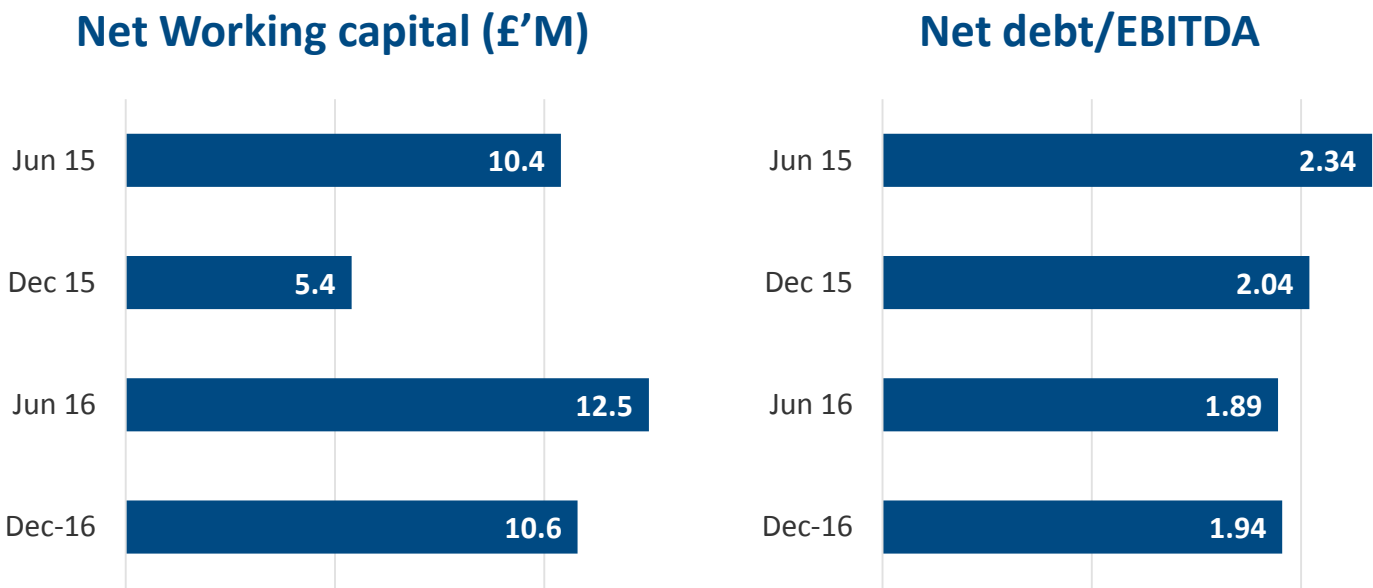


FINANCIALS

Net debt reduced by £0.7m over the last 12 months with £4.4m of acquisition payments



Working capital decrease from June 2016  
Net debt/EBITDA reduced from 31 December 2015



## Improvement in key metrics

Revenue £83.6m +9%	Diluted EPS 11.3p +5%
Profit before tax £11.8m +5%	Net Debt/EBITDA 1.94x (2015: 2.04x)

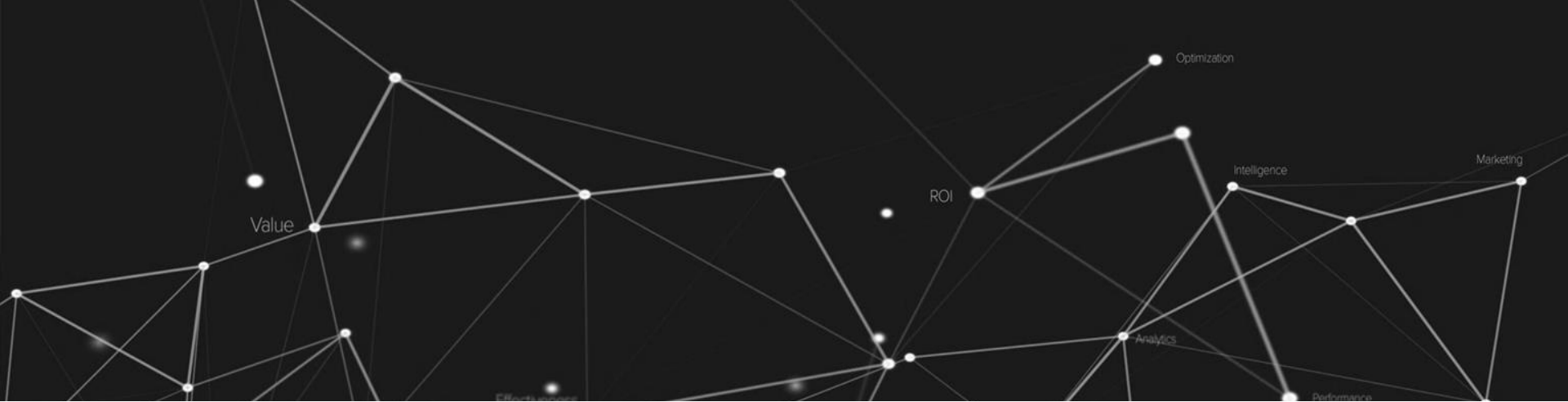
## 2017 Outlook

Continued delivery on our growth acceleration plan

Ongoing investment into expanding our digital services across our three practice areas

Well positioned to shape global media discussions and influence industry-wide debate

Our plans for the business and current industry dynamics make us positive for our future performance



## V) APPENDICES



# Segmental reporting

12m to December 2016	MVM	MI	MPO	Total segments	Central costs	Total
Revenue	47,161	23,360	13,048	83,569	-	83,569
Underlying operating profit	12,124	3,902	3,739	19,765	(6,806)	12,959
Margin	25.7%	16.7%	28.7%	23.7%		15.5%

12m to December 2015	MVM	MI	MPO	Total segments	Central costs	Total
Revenue	41,998	24,650	9,936	76,584	-	76,584
Underlying operating profit	12,057	3,668	2,802	18,527	(6,116)	12,411
Margin	28.7%	14.9%	28.2%	24.2%		16.2%

12m to April 2015	MVM	MI	MPO	Total segments	Central costs	Total
Revenue	40,046	25,768	8,060	73,874	-	73,874
Underlying operating profit	11,224	3,447	2,905	17,576	(5,847)	11,729
Margin	28.0%	13.4%	36.0%	23.8%		15.9%

8m to December 2015	MVM	MI	MPO	Total segments	Central costs	Total
Revenue	20,409	16,002	6,899	43,310	-	43,310
Underlying operating profit	(81)	2,070	1,874	3,863	(3,866)	(3)
Margin	(0.4%)	12.9%	27.2%	8.9%		

## Highlighted items

	12 months to 31 December 2016	12 months to 31 December 2015
Recurring (cash) – share options	(92)	-
Recurring (non-cash) – share options and IFA amortisation	2,517	2,931
Non recurring (cash) – acquisitions and restructuring	2,777	1,471
Non recurring (non cash) – impairment <sup>1</sup>	-	4,366
<b>Total</b>	<b>5,202</b>	<b>8,768</b>

<sup>1</sup> We fully impaired the goodwill, purchased intangible assets and related capitalised development costs in relation to the Reputation business as at 31 December 2015. The business, formerly Echo Research Group, was acquired in 2011 and subsequently, the business was fully integrated into our Market Intelligence Practice. The technologies and methodologies which were represented by the goodwill and purchased intangibles were replaced, integrated or superseded and the client relationships in many cases evolved into more integrated contracts. The impairment reflected the evolution of this part of our business in line with our longer-term corporate strategy.

# Profit before tax

	12 months to 31 December 2016	12 months to 31 December 2015	8 months to 31 December 2015
Underlying operating profit/(loss)	12,959	12,411	(3)
Highlighted items	(5,202)	(8,768)	(6,656)
Reporting operating profit/(loss)	7,757	3,643	(6,659)
Net finance costs/associates	(1,132)	(1,181)	(787)
Reported profit/(loss) before tax	6,625	2,462	(7,446)
Underlying profit/(loss) before tax	11,827	11,230	(790)



# Underlying effective tax rate for the 12m to December 2016

	12m to Dec 2016	Effective tax rate
Underlying operating profit	12,959	
Interest/associates	(1,132)	
Underlying PBT	11,827	
CY Corp tax	(2,322)	20.9%
CY Def tax	(159)	
PY under-prov'n	(89)	
Underlying tax charge	(2,570)	
Underlying PAT	9,257	

# Outstanding deferred consideration

As at 31 December 2016	2013/14	2014/15	2016
	CMCG	Media Value	Ireland
Nature of business	Media auditing in China	Media auditing in Spain/Portugal	Media auditing in Ireland
Operations	Shanghai and Beijing	Madrid/Barcelona/Lisbon	Dublin
Transaction date	15 January 2014	26 February 2015	11 March 2016
Transaction detail	100% acquisition	100% acquisition	Remaining 50% acquisition
Cash up front	£1,600k	£545k	£118k
Deferred consideration max	£6,371k	£4,481k	£1,587k
Deferred consideration paid	£4,180k	£3,248k	-
Estimated remaining deferred consideration:	£1,352k:	£93k:	£570k:
H1 2017	-	-	£332k
H2 2017	-	-	-
H1 2018	£1,352k	£93k	-
2019 and beyond	-	-	£25k
	-	-	£213
Total potential consideration	£7,170k	£3,886k	£1,705k
Total estimated consideration	£7,132k	£3,886k	£688k
Earn out end date	April 2017	April 2016	December 2020
Earn out basis	3 yr based on profit multiple	3 yr based on profit multiple	6 yr based on profit multiple
Key financials at acquisition	Dec 13: Rev £1.4m u/l op profit £0.4m 22 staff	Apr 14: Rev £1.7m u/l op profit £0.3m 32 staff	Dec 15: Rev £0.8m u/l op profit £0.1m 9 staff

# Statement of financial position

			December 2016	December 2015
Non current assets	Goodwill		58,045	54,827
	Purchased intangibles		9,532	10,370
	Other		8,278	8,397
			75,855	73,594
Current assets	Trade debtors		19,291	16,283
	Accrued income		7,073	5,253
	Cash		6,662	8,755
	Prepayments		1,207	1,678
	Other		845	1,104
			35,078	33,073
Current liabilities	Trade creditors		3,071	3,538
	Loans		4,472	4,801
	Deferred income		7,063	7,677
	Accruals		4,827	4,663
	Other		6,479	6,794
			25,912	27,473
Non current liabilities	Loans		30,205	32,615
	Deferred tax		2,125	2,244
	Other		636	1,926
			32,966	36,785
Net assets			52,055	42,409

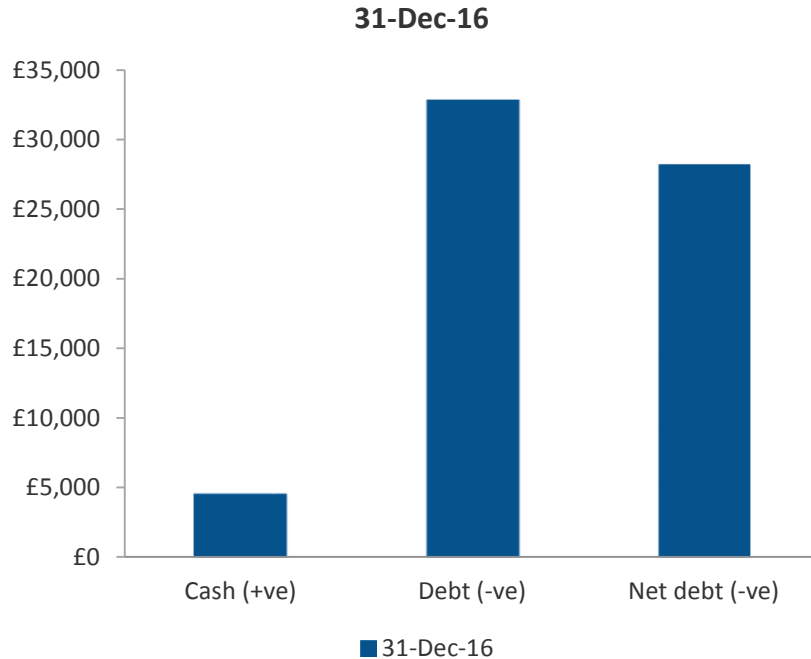
# Cash flow statement

	Year ending 31 December 2016	Year ending 31 December 2015
<b>Cash generated from operations</b>	<b>10,782</b>	<b>11,515</b>
Net finance expense	(1,074)	(1,009)
Income taxes paid	(166)	(1,062)
<b>Net cash from operating activities</b>	<b>9,542</b>	<b>9,444</b>
<b>Investing activities</b>		
Net acquisition of subsidiaries, net of cash acq'd	(4,431)	(3,425)
Purchase of PPE	(479)	(988)
Purchase of intangible assets	(1,872)	(998)
	<b>(6,782)</b>	<b>(5,411)</b>
<b>Financing activities</b>		
Issue of new shares	26	224
New borrowings	3,336	3,224
Loan repayments	(6,411)	(3,232)
Acquisition of interest in subsidiary from NCI	-	(1,105)
Dividends paid to shareholders	(292)	(291)
Dividends paid to non-controlling interests	(546)	(178)
Repayment of finance leases	(4)	(8)
	<b>(3,891)</b>	<b>(1,366)</b>
<b>Net increase/(decrease) in cash</b>	<b>(1,131)</b>	<b>2,667</b>

# Cash generated from operations

	Year ending 31 December 2016	Year ending 31 December 2015
Profit before tax	6,625	2,462
Adjustments	6,992	9,924
	13,617	12,386
Increase in trade receivables	(3,968)	(5,434)
Increase in trade payables	1,312	4,650
Decrease in provisions	(179)	(87)
Cash generated from operations	10,782	11,515

## Net debt analysis



- Net debt Dec 2016 of £28.2m (Dec 2015 of £28.9m )
- Net debt:EBITDA of 1.91x
- Interest at 2.5% above LIBOR
- £3.3m drawn in the last 12m towards £4.4m of acquisition payments
- £6.4m debt repayments made in the last 12m
- Current estimate of deferred consideration £2.0m (£1.8m payable in the next 12 months)

# Cash and net debt analysis

	Cash	Gross debt	Net debt
<b>Opening at 1 January 2016</b>	<b>6,364</b>	<b>(35,250)</b>	<b>(28,886)</b>
Trading cash flow	10,782		10,782
Interest and tax	(1,240)		(1,240)
Debt repayments	(6,411)	6,411	-
Drawdown for acquisitions	3,336	(3,336)	-
Payments for acquisitions	(4,431)		(4,431)
Capex	(2,351)		(2,351)
Dividends incl MI	(838)		(838)
Other/forex	(611)	(575)	(1,186)
<b>Closing at 31 December 2016</b>	<b>4,600</b>	<b>(32,750)</b>	<b>(28,150)</b>
<i>vs EBITDA (£14.8m)</i>		2.22x	1.94x

# Summary of banking facility

- £40m multi-currency facility in place, maturing in July 2018
- Includes £30m RCF of which £29m was drawn and £1.0m available
- Term loan of £10m of which £3.8 was drawn
- Accordion option to increase by a further £20m
- Interest rate of 2.5% plus LIBOR (can be lowered depending on covenants – currently 2.25%)
- Analysis of repayment plan on outstanding balance set out below:

	Currency	GBP	Future repayments	Bullet
GBP	£32,750k	£32,750k	£3,750k	£29,000k
Repayment quarters			/6	
Repayment/quarter			£625k	



# Cash conversion

	Year to 31 December 2016	Year to 31 December 2015
Reported cash from operations	10,782	11,515
Underlying cash from operations	11,342	13,673
Underlying operating profit	12,959	12,411
Cash conversion	87.5%	110.2%

# Shareholder analysis at 28 February 2017

Name	Holding	% Holding
Artemis	12,052,282	15.6%
T Rowe Price	8,337,921	10.8%
Kabouter	8,142,430	10.6%
JO Hambro	7,111,150	9.2%
Invesco	6,452,446	8.4%
Herald	5,491,125	7.1%
Hargreave Hale	4,330,000	5.6%
L&G	3,945,200	5.1%
Fidelity	2,439,234	3.2%
River and Mecantile	1,892,767	2.4%
<b>Top 10 total</b>	<b>60,194,555</b>	<b>78.0%</b>

Name	Holding	% Holding	Options
Michael Karg	-	-	500,000
Andrew Noble	-	-	60,000
Nick Manning	230,000	0.30%	2,543,490
Morag Blazey	-	-	601,429
Richard Nichols	100,000	0.13%	-
Michael Higgins	64,500	0.08%	-
Julie Baddeley	-	-	-
Tom Alexander	-	-	-
<b>Total Directors</b>	<b>394,500</b>	<b>0.51%</b>	<b>3,704,919</b>

## Recent performance

Year end	April 11	April 12	April 13	April 14	April 15	Dec 15 <sup>1</sup>	Dec 16
Revenue	44,165	52,919	64,046	68,452	73,874	76,584	83,569
<i>growth</i>	<i>108%</i>	<i>20%</i>	<i>21%</i>	<i>7%</i>	<i>8%</i>	<i>4%</i>	<i>9%</i>
Op profit	5,298	8,205	10,441	11,339	11,729	12,411	12,959
<i>margin</i>	<i>12.0%</i>	<i>15.5%</i>	<i>16.3%</i>	<i>16.6%</i>	<i>15.9%</i>	<i>16.2%</i>	<i>15.6%</i>
EPS	6.0p	7.4p	9.0p	10.1p	10.7p	10.8p	11.3p



Thank You

