



# Preliminary Results Presentation

Year Ended 31 December 2018

25 March 2019

## Preliminary Results for 2018

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# Highlights

## HIGHLIGHTS

- › Planned sale of Advertising Intelligence business completed on 2 January 2019
- › Continuing business revenue grew by 8% to £69m
- › Business now has two segments: Media (up 5% to £54m) and Analytics & Tech (up 19% to £15m)
- › Underlying operating profit fell by 30% to £6.3m due to planned investments in the year which did not fully deliver anticipated revenue growth
- › Net Debt at 31 December 2018 of £28m; reduced by £20m in January 2019 following Ad Intel sale
- › Financial and operational management capabilities strengthened by key appointments focused on driving performance of continuing business
- › Ebiquity works with 70 of the world's top 100 advertisers served from 18 offices and by 550 staff
- › Incremental business wins include McDonald's, Fiat Chrysler Automobiles, L'Oreal and GlaxoSmithKline

# Financial Overview

## FINANCIAL OVERVIEW

### 2018 Headline Results

	2018 £m	2017 £m	Change £m
Whole Group			
Revenue	89.6	87.4	2.2
Underlying Operating Profit	7.3	12.0	(4.7)
Underlying Earnings per Share	4.5p	9.7p	(5.2p)

Continuing Business			
Revenue	69.4	64.2	5.2
Underlying Operating Profit	6.3	9.0	(2.7)
Underlying Profit before Tax	5.2	7.9	(2.7)
Underlying Earnings per Share (p)	3.7p	6.4p	(2.7p)
Dividend per share (p)	0.71	0.71	-

*Underlying operating profit is defined as the operating profit excluding highlighted items. These include share-based payments, amortisation of purchased intangibles and non-recurring items. Underlying profit before tax and earnings per share are calculated based on the underlying operating profit*

## FINANCIAL OVERVIEW

### Group Income Statement – Continuing Business

	2018	2017	Change	
	£m	£m	£m	%
Revenue	69.4	64.2	5.2	8%
Operating Expenses	(63.1)	(55.2)	(7.9)	14%
Operating Profit	6.3	9.0	(2.7)	(30%)
<i>Operating Margin</i>	9%	14%		
Finance Costs	(1.2)	(1.0)	(0.2)	20%
Profit before Tax	5.2	7.9	(2.7)	(34%)
EPS (p)	3.7p	6.4p	(2.7p)	(42%)

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

## FINANCIAL OVERVIEW

### Net Asset Summary

- Intel net assets reclassified in 2018 as 'held for sale'
- Net working capital includes £18.3m of net trade receivables (2017: £21.0m)
- Debtor days remained constant at 64 days
- Net debt reduced by £20m (after tax & costs) in January 2019 on completion of Ad Intel sale

	2018	2017
	£m	£m
Goodwill	34.8	59.3
Other intangible assets	8.5	13.1
Other non-current assets	2.1	3.3
Net working capital	11.3	12.5
Net asset held for sale	23.4	-
Other current liabilities	(2.3)	(2.0)
Deferred consideration	(1.5)	(2.1)
Other non-current liabilities	(1.3)	(2.3)
Net debt	(27.5)	(28.8)
Net assets	47.5	53.0



## FINANCIAL OVERVIEW

### Cash flow

- Continuing business cash from operations of £4.4m including highlighted items
- Underlying continuing business cash from operations was £8.8m: cash conversion of 138%
- Investing activities include £1.1m on internally generated R&D; £0.6m on tangible assets; £0.9m on deferred consideration
- All cash retained in continuing business as part of Intel sale agreement
- Net cash balance of £6.4m at 31 December 2018 (before deducting loan balance of £34m)

	2018			2017
	Continuing	Discontinued	Total	Total
	£m	£m	£m	£m
Cash generated from operations	4.4	3.2	7.6	7.9
Interest and tax	(2.4)	(0.6)	(3.0)	(3.1)
Net cash generated from operating activities	2.0	2.6	4.6	4.8
Net cash used in investing activities	(2.4)	(0.2)	(2.6)	(5.3)
Net cash generated by financing activities	0.2		0.2	0.2
Net increase/(decrease) in cash	(0.2)	2.4	2.2	(0.3)
Transfer to continuing business	2.4	(2.4)	0.0	-
Cash balance at beginning of year	4.3	0.0	4.3	4.6
Exchange loss	(0.1)		(0.1)	-
Cash balance at end of year	6.4	0.0	6.4	4.3

## FINANCIAL OVERVIEW

### Revenue by segment

	2018	2017	Change	
	£m	£m	£m	%
Media	54.2	51.5	2.7	5%
Analytics and Tech	15.2	12.7	2.5	19%
Continuing Business	69.4	64.2	5.2	8%
Discontinued Operations	20.2	23.2	(3.0)	(13%)
Total	89.6	87.4	2.2	3%

## FINANCIAL OVERVIEW

### Profit by segment

	Underlying Operating Profit			Profit Margin %	
	2018	2017	Change		
	£m	£m	£m	2018	2017
Media	12.1	14.0	(1.9)	22%	27%
Analytics and Tech	1.4	1.6	(0.2)	9%	13%
Unallocated costs	(7.2)	(6.6)	(0.6)	-	-
Continuing Business	6.3	9.0	(2.7)	9%	14%
Discontinued Operations	1.0	3.0	(2.0)	5%	13%
Total	7.3	12.0	(4.7)	8%	14%

FINANCIAL OVERVIEW

During 2018 we strengthened our client and operational capabilities

KEY INVESTMENTS DURING 2018

Efficiency	Tools & Automation	› Rollout of new tools to drive efficiency, standardisation, and increased data security
	Near-Shoring	› Launched near-shore scale delivery centre in Spain
Growth	Talent Capabilities	› Expanded contract compliance teams in key growth markets › Continued investment in advanced analytics talent › Launched UK Tech advisory team
	Profile	› Increased range of client events and sales materials to drive our profile
	Client Focus	› Established team of client partners to service our largest revenue opportunities

## FINANCIAL OVERVIEW

### Highlighted Items Continuing Business

	2018	2017
	£m	£m
Share based payments	0.2	0.6
Purchased intangible asset amortisation	1.2	1.2
Severance & reorganisation costs	1.2	2.3
Acquisition & integration costs	0.2	1.1
Impairment of goodwill of China unit	2.6	-
Ad Intel disposal costs	2.0	-
Onerous lease provision	0.3	
Taxation charge/(credit)	0.2	(0.7)
Total	7.9	4.5

# Strategic Opportunity

STRATEGIC OPPORTUNITY

We go to market in three practices

Reporting  
segments

Media  
£54m revenue

Analytics & Tech  
£15m revenue

Practices

Media

Analytics

Tech

Services

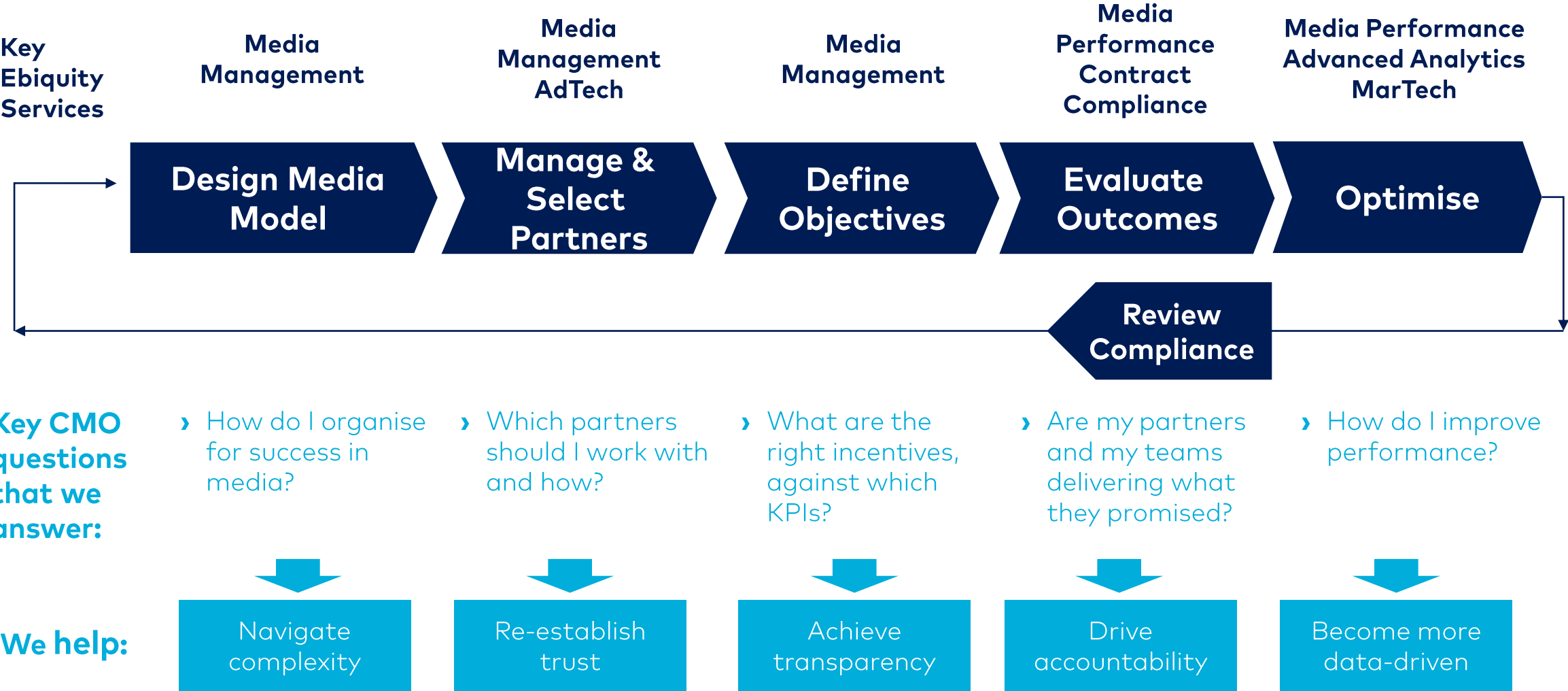
Media Management  
Media Performance  
Contract Compliance

Advanced Analytics

AdTech  
MarTech

STRATEGIC OPPORTUNITY

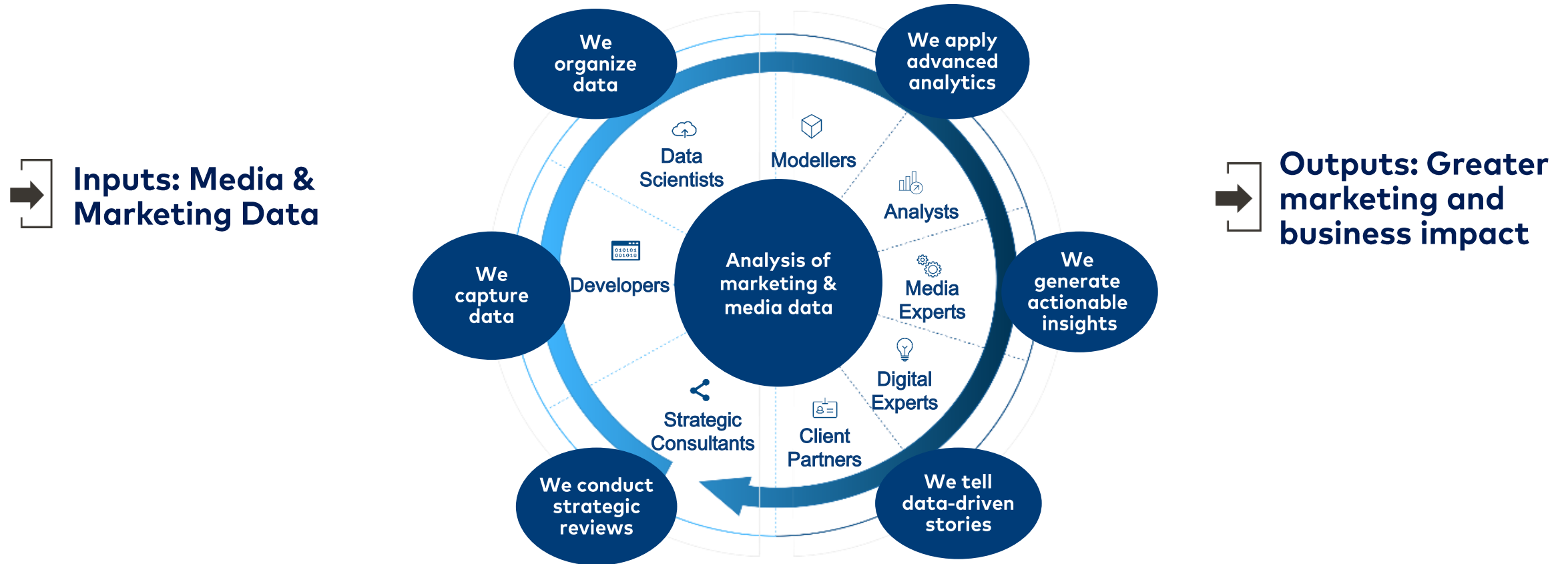
Our services map into all key stages of our clients' media lifecycle





## STRATEGIC OPPORTUNITY

We bring together a unique mix of skills based on our ability to analyse marketing and media data to drive value for our clients



## STRATEGIC OPPORTUNITY

Our primary differentiators: a clear leadership position in core services, reach among top advertisers, data, and our analytics technology

### 'left brain' advisors to CMOs



\*Source: World Federation of Advertisers (WFA) study

# Summary

## SUMMARY

- › Foundations are in place for growth:
  - › Streamlined business
  - › Stronger balance sheet
  - › Strengthened management team
- › Now focused on delivering next stage in our transformation process
- › Evaluating cost base to align with reduced size of Group – but adjustments will take time
- › Trading in the current year has started in line with the Board's expectations
- › The markets in which we operate have great potential
- › Ebiquity is well-positioned to achieve ambition of becoming the leading independent media and marketing consultancy

# Appendix

# Ebiquity is a leading independent marketing and media consultancy

## Media

Achieve higher media performance through best-in-class media management and transparency

## Analytics

Build evidence-based marketing programmes rooted in data and analytics

## Tech

Design the right technology ecosystem to drive higher value from digital investments

- › Working directly for 70 of the world's 100 leading brands to **optimise their marketing investments**
- › **Fully independent** – we do not conduct media buying or trading
- › Employing ~550 FTEs across 18 offices globally
- › Listed on the London Stock Exchange (AIM: EBQ)

## ABOUT US

We work with global brands across a variety of key sectors, including auto, retail, FMCG, telco, finance, and healthcare

### AUTO



### FMCG



L'ORÉAL



### FINANCE



### RETAIL & QSR



### TMT



SONY

## ABOUT US

We are a trusted partner of advertiser associations around the world



*"In the ANA's media transparency work, Ebiquity provided the intellectual capital to translate major industry findings into workable business process prescriptions"*

- Bob Liodice, CEO ANA



*"Ebiquity has been instrumental in helping us understand market dynamics. They have also provided practical solutions and steps that our members can take to help get ahead of these challenges"*

- Stephan Loerke, CEO WFA





## ABOUT US

We are creating award-winning success stories with our clients...



Gold for DLG  
Gold for Lidl  
Silver for Wheetabix  
Silver for Yorkshire Tea  
Cannon Prize for Best New Learning for DLG



2018 Grand Effie Award for the most effective marketing communications effort for work on Lidl – “How Lidl Grew A Lot” with TBWA and Starcom



'18 Gold Award for best 'Trade body research' for Thinkbox study, 'Profit Ability: The business case for advertising'



Our analytics work is now featured in a standard university textbook on marketing communications



***“Whenever Ebiquity turn up at conferences or, as in this case, work with a client like DLG, it inevitably produces first-class work”***

Mark Ritson, Professor of Marketing  
Melbourne Business School