



# Interim Results Presentation

Half Year Ended 30 June 2022

22 September 2022

**ebiquity**

## Refocused strategy, targeted acquisitions and performance enhancements support strong growth

- › Continued positive momentum from 2021
- › Good performance across all geographies
- › Strong contribution from new acquisitions
- › High revenue growth from Digital Media Solutions continues
- › Significant growth from Media Performance service line
- › Operating margin almost doubled
- › Full year results expected to be in line with market expectations

# Financial Overview



## Continuing to deliver strong, profitable growth

Income Statement	6 months to June 2022	6 months to June 2021	Change	
	£m	£m	£m	%
Revenue	37.2	32.0	5.2	16%
Operating Expenses	32.2	29.7	2.5	8%
Underlying Operating Profit	5.0	2.3	2.7	117%
<i>Operating Margin</i>	<i>13%</i>	<i>7%</i>	-	<i>6 pp</i>
Finance Costs	0.3	0.3	-	-
Underlying Profit before Tax	4.7	2.0	2.7	135%
Underlying Earnings per Share (p)	2.8p	1.4p	1.4p	100%

Highlighted Items	(6.0)	(3.0)	(3.0)	-
Statutory Operating Loss	(1.1)	(0.9)	(0.2)	-

*Highlighted Items include £3.4m accrual for Digital Decisions post-date remuneration; £1.7m for acquisition costs and £0.4m for impairment of Ebiqumy Russia OOO*



## Robust balance sheet post acquisitions

- › Goodwill increased due to acquisitions in period
- › Net working capital of £12.5m (2021:£4.1m); accrued income and trade receivables up due to phasing of project billing and transitional integration effects
- › Debtor days increased to 81 days from 61 days (at 31 December 2021) reflecting higher levels of invoicing at end of period
- › IFRS 16 impact: 'Right-of-use asset' of £6.0m (2021: £4.5m) in non-current assets; £1.3m (2021: £2.6m) in other current liabilities and £6.1m (2021: £3.8m) in other non-current liabilities
- › Deferred consideration includes £11.4m accrual for Digital Decisions payable in 2023 and £2.1m for MMi payable in 2025
- › Net debt of £12.9m comprises £9.3m net cash & £22.5m bank loan less accrued fees of £0.3m (2021: net cash £13.1m; bank loan £19.0m; fees £0.1m)

Balance Sheet	June 2022	Dec 2021
	£m	£m
Goodwill	44.5	28.2
Other intangible assets	15.6	4.5
Non-current assets	8.9	7.6
Net working capital	12.5	4.1
Other current liabilities	(2.8)	(3.3)
Deferred consideration	(13.6)	(7.9)
Other non-current liabilities	(10.2)	(5.4)
Net debt	(12.9)	(4.8)
Net assets	41.9	23.0





## Cash balance at similar level to June 2021

- › Underlying cash outflow from operations of £1.6m (2021: inflow of £3.4m)
- › Underlying working capital outflow of £8.8m due to increase in debtors and accrued income
- › Investing activities include:
  - £16.5m on acquisitions of Forde and Semple, MMi and Media Path
  - £0.2m on purchase of fixed assets and £0.1m on internally generated
- › Financing activities include:
  - £14.4m net proceeds from share issue to fund acquisitions
  - £4.5m increase in bank borrowings
  - Lease payments (per IFRS 16) of £1.6m

Cash Flow (includes highlighted items)	June 2022	June 2021
	£m	£m
Cash generated from operations	(3.4)	2.9
Interest and Tax	(1.1)	(1.4)
Net cash generated from operating activities	(4.5)	1.5
Net cash (used in)/investing activities	(16.8)	(2.0)
Net cash (used in)/generated by financing activities	16.8	(1.0)
Net (decrease)/increase in bank and cash	(4.5)	(1.5)
Opening balance at beginning of the period	13.1	11.1
Foreign exchange	0.7	(0.3)
Cash balance at end of period	9.3	9.3



## Our financial position remains strong

Liquidity	August 2022	June 2022	December 2021	June 2021
	£m	£m	£m	£m
Gross Debt	22.5	22.5	18.0	19.0
Cash Balances	11.5	9.3	13.1	9.3
Loan fee prepayments	0.3	0.3	0.1	0.1
Net Bank Debt	10.7	12.9	4.8	9.6
Undrawn Facilities	7.5	7.5	5.0	4.0

Bank facility increased to £30 million in March 2022, for 3 year period, renewable for further 2 years

Covenants under new bank facility applied from June 2022 onwards:

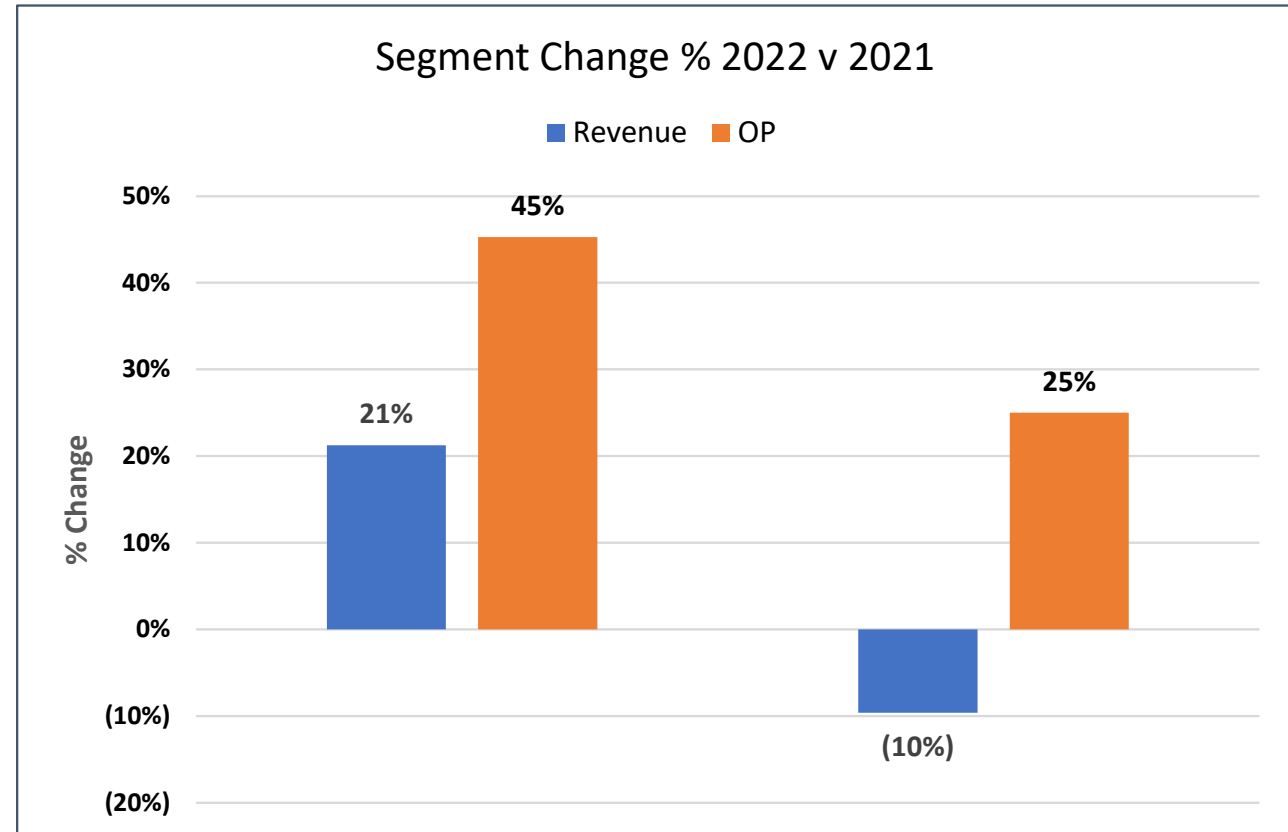
- › Interest cover at > 4.0
- › Adjusted leverage < 2.5
- › Adjusted deferred consideration leverage < 3.5

Cash balances increased by £2.4 million during two months to 31 August 2022 reflecting debtor collections



## Improved profitability across all business segments

- › Media revenue up 21% and operating profit up 45% reflecting growth in higher margin digital media solutions and benefit of acquisitions
- › Analytics & Tech revenue fell by 10% but operating profit increased by 25% reflecting higher margin project mix





# Progress against strategy



## Purpose and strategy driving value

***We exist to help brand owners increase returns from their media investments  
and so improve business performance***

Increase revenue from digital services by  
developing productised data solutions

Improve operational efficiency

Build higher value strategic relationships  
with major customers

Strengthen the business in North America  
and Asia Pacific









## Market complexity creates opportunities

- › Buoyant advertising markets globally in H1 but mixed signals emerging
- › Reduced agency selection activity following high volume in 2021
- › Changing dynamics in digital media : duopoly under pressure
- › Explosive growth in US Connected Television and Commerce Media ad revenue
  - Starting to gain traction in the UK and other markets
- › The challenges of transparency, fraud and wastage in the open web remain very high
  - Potential for similar issues in the Advanced Television market
- › Subscription streamers now launching ad funded models – Netflix, Disney+

## OPERATING METRICS

On plan or ahead of plan against operating metrics

		31 Dec 2020	31 Dec 2021	30 June 2022
	# clients buying 2+ Service Lines	58	76	On plan
	# clients buying 1 or more products from the new digital solutions portfolio	10	28	On plan
	Volume of digital advertising analysed on the platform – impressions	112bn	639bn	Ahead of plan
	Value of digital advertising analysed on the platform – US\$	\$0.48bn	\$3.03bn	On plan
	# countries served with the new digital solutions portfolio	50	87	Ahead of plan
	% revenue derived from digital services	25%	29%	Diluted through acquisitions



## Digital Media Solutions continue to perform well

- › Seven data-led product solutions for analysing digital media now in market
- › Revenue growth of 90% at >50% operating margin
- › Operational KPIs progressing well
  - Number of clients buying digital products on plan
  - Value of digital advertising measured on plan
  - Number of impressions analysed and countries serviced both ahead of plan
- › Successful Responsible Media Investment piloted in US and UK; now available in 11 markets
- › Solutions for Advanced TV and Commerce Media under development
  - Potential Q4 ATV pilot in US





# Significant progress made with three recent acquisitions

- › Acquired companies
  - Media Management Inc (USA) – strategic rationale: to acquire scale in the US
  - Media Path Network (Sweden) – strategic rationale: GMP365 technology platform to enhance operating efficiency
  - Ford & Semple – small tactical acquisition in Canada
- › Newly acquired businesses contributed £0.8m to underlying operating profit
- › Ebiquity US and MMi now operating as one merged business: 2022 cost synergies on track; opportunities to realise revenue synergies
- › Initial focus for Media Path acquisition on transitioning Ebiquity client projects to GMP365 platform
  - First new client mandates and renewals already achieved
  - Early cost synergies achieved





## Ebiqumy works with 28 of the world's top 30 advertisers

- › Universe of higher value strategic clients further expanded
  - Current high value clients; clients with high growth potential; new economy businesses
- › A number of significant new wins and major new assignments
  - Brown & Forman (US), Pepsico (India), Virgin Media O2 (UK)
  - Global agency selection mandates from JLR and BMW
- › Number of clients buying 2 or more service lines is on plan



BROWN-FORMAN



PEPSICO





## Continuous margin enhancement

- › Operating margin almost doubled to 13.3%
- › Production costs reduced by 11%
- › Organic operating cost growth restricted to 4%
- › Mix shifted to higher margin solutions and projects
- › Acquisitions of MMi and MediaPath have brought opportunities for further efficiency and margin gains through automation using their technology platforms
- › Further gains achieved from increased utilisation of existing Media Operations Centre; productive hours served +37%



## Focus on key global markets

- › Increasing our presence in world's two largest media markets: USA and China
- › Acquisition of MMi (USA) and Forde & Semple (Canada) increased North America revenues in H1 by 90%
- › Economies of scale driving profitable growth in North America
- › Asia Pacific fastest growing region; organic revenue +38%; China +27%
- › Strong performance in Continental Europe organic revenue +13%

## Outlook in line with expectations

- › FY22 results expected to be in line with market expectations
- › Advertisers expected to continue to seek out independent scrutiny of their media investments in an uncertain advertising environment, while reducing more discretionary spend
- › Inflationary cost pressures on our business expected to be alleviated by operating efficiencies
- › Opportunities for continued growth and margin enhancement from:
  - Increased scale in key global growth markets
  - higher quality revenues
  - fast growing digital offer
  - improving operational efficiency
- › We believe Ebiquity remains well placed for long term sustained growth

# 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**

[www.ebiquity.com](http://www.ebiquity.com)



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.