



# Interim Results

6 Months ended 30 June 2019

26 September 2019

# Interim Results for 2019

1. Highlights
2. Financial Overview
3. Strategic Opportunity
4. Summary
5. Appendix

# Highlights

## HIGHLIGHTS

- › Transitional period following sale of Advertising Intelligence business completed on 2 January 2019
- › Group revenue maintained at £35m
- › Media revenue down 1% to £28m; Analytics & Tech revenue up 4% to £8m
- › Underlying operating profit of £3.4m in line with expectations
- › Tight control maintained over operating costs which remained almost static
- › Cost savings programme initiated to yield annualised benefits of c£1m
- › Loss-making US MarTech business (Stratigent) to be wound down
- › Business wins include Deliveroo, Facebook, Nike and Volvo

## FINANCIAL OVERVIEW

During H1 2019 we added several new clients to our roster



# Financial Overview

# Headline Results

Headlines	2019 £m	2018 £m	Change £m
Revenue	35.3	35.3	(0.0)
Underlying Operating Profit	3.4	3.7	(0.2)
Underlying Profit before Tax	2.9	3.0	(0.1)
Underlying Earnings Per Share (p)	2.6p	2.4p	0.2p
Statutory (Loss)/Profit before Tax	(4.2)	2.2	(6.4)
Statutory Earnings per Share (p)	(6.2p)	0.7p	(7.2p)

*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*

## Group Income Statement Summary

Income Statement	2019	2018	Change	
	£m	£m	£m	%
Revenue	35.3	35.3	(0.0)	(0%)
Operating Expenses	32.0	31.7	0.3	1%
Operating Profit	3.4	3.7	(0.3)	(8%)
<i>Operating Margin</i>	10%	10%		
Finance Costs	0.5	0.6	(0.1)	(24%)
Profit before Tax	2.9	3.0	(0.1)	(5%)
EPS (p)	2.6p	2.4p	0.2p	7%

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



## Balance Sheet Summary

- › Goodwill and intangibles reduced by £5.9m due to impairment of Stratigent
- › IFRS 16 adoption: "Right of use" asset of £9.0m in non-current assets and £9.8m lease liability in non-current liabilities
- › Current assets includes £15.8m of net trade receivables (2018: £18.3m)
- › Debtor days reduced to 56 days from 64 days
- › Net debt of £7.0m comprising £7.0m net cash balances and £14.0m loan balance included in current liabilities; in 2018, loan of £34.0m treated as non-current liability
- › Bank facility extended to 2023

	30 June 2019	31 Dec 2018
	£m	£m
<b>Goodwill</b>	29.7	34.8
<b>Other intangible assets</b>	7.3	8.5
<b>Other non-current assets</b>	11.0	2.1
<b>Current assets</b>	37.6	38.2
<b>Current liabilities</b>	(33.0)	(23.2)
<b>Non-current liabilities</b>	(11.2)	(36.3)
<b>Net asset held for sale</b>	-	23.4
<b>Net assets</b>	41.3	47.5

## FINANCIAL OVERVIEW

# Cash Flow Statement

- › Cash outflow from operations of £1.5m including highlighted items
- › Underlying cash inflow from operations was £0.6m
- › Investing activities include:
  - £26.0m received from sale of AdIntel
  - £0.6m spent on internally generated R&D;
  - £0.6m spent on deferred consideration
- › Financing activities include: loan repayment of £20.0m & dividend paid of £0.5m

Cash Flow (includes highlighted items)	2019	2018
	£m	£m
Cash generated from operations	(1.5)	6.2
Interest and Tax	(1.1)	(1.2)
Net cash used in operating activities	(2.6)	5.0
Net cash generated in investing activities	24.5	(1.2)
Net cash used by financing activities	(21.3)	0.9
Net increase in bank and cash	0.5	4.7
Opening balance at beginning of the period	6.4	4.3
Foreign exchange	0.0	(0.1)
Cash balance at end of period	7.0	9.0

## Revenue by segment

## › Media includes:

- Media Performance & Management fell by 3%
- Contract Compliance up by 15%

## › Analytics &amp; Tech includes:

- Advanced Analytics up by 2%
- AdTech up by 124%
- MarTech Australia up by 36%
- MarTech USA (Stratigent) fell by 15%

Revenue	2019	2018	Change	
	£m	£m	£m	£m
Media	27.7	28.0	(0.3)	(1%)
Analytics and Tech	7.6	7.3	0.3	4%
Total	35.3	35.3	(0.0)	(0%)

## Operating Profit by segment

Operating Profit	2019	2018	Change		Operating Profit Margin %	
	£m	£m	£m	£m	2019	2018
Media	6.7	7.2	(0.5)	(7%)	24%	26%
Analytics and Tech	0.7	0.4	0.3	57%	9%	6%
Unallocated costs	(4.0)	(4.0)	0.0	0%		
<b>Total</b>	<b>3.4</b>	<b>3.7</b>	<b>(0.3)</b>	<b>(8%)</b>	<b>10%</b>	<b>10%</b>

*Underlying figures shown for operating profit*

## Highlighted Items

- › £5.9m charge for the write down of goodwill and intangible balances relating to Stratigent LLC
- › £0.7 m charge relating to London office relocation including:
  - £0.4m: onerous lease provision whilst office unoccupied during the fit-out period.
  - £0.3m: one-off costs of relocation

Highlighted Loss of £1.3m included in Discontinued Operations comprising:

- › Profit on Sale of AdIntel - £1.2m
- › Tax arising of £2.5m

Highlighted Items – Continuing Operations	2019	2018
	£m	£m
Share based payments	0.1	0.2
Impairment of goodwill of Stratigent	5.9	-
Purchased intangible asset amortisation	0.6	0.6
London office relocation & onerous cost during fit-out period	0.7	-
Deferred consideration adjustment	(0.2)	(0.2)
Severance & reorganisation costs	0.1	0.2
Taxation (credit) / charge	(0.1)	0.4
<b>Total</b>	<b>7.0</b>	<b>1.2</b>

# Strategic Opportunity

STRATEGIC OPPORTUNITY

We go to market with three practices



## STRATEGIC OPPORTUNITY

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

### Key differentiators



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



## STRATEGIC OPPORTUNITY

Our aim is to become the trusted advisors to the CMO

**CEO**

McKinsey&Company

**CFO**

Goldman  
Sachs

**CTO**

accenture

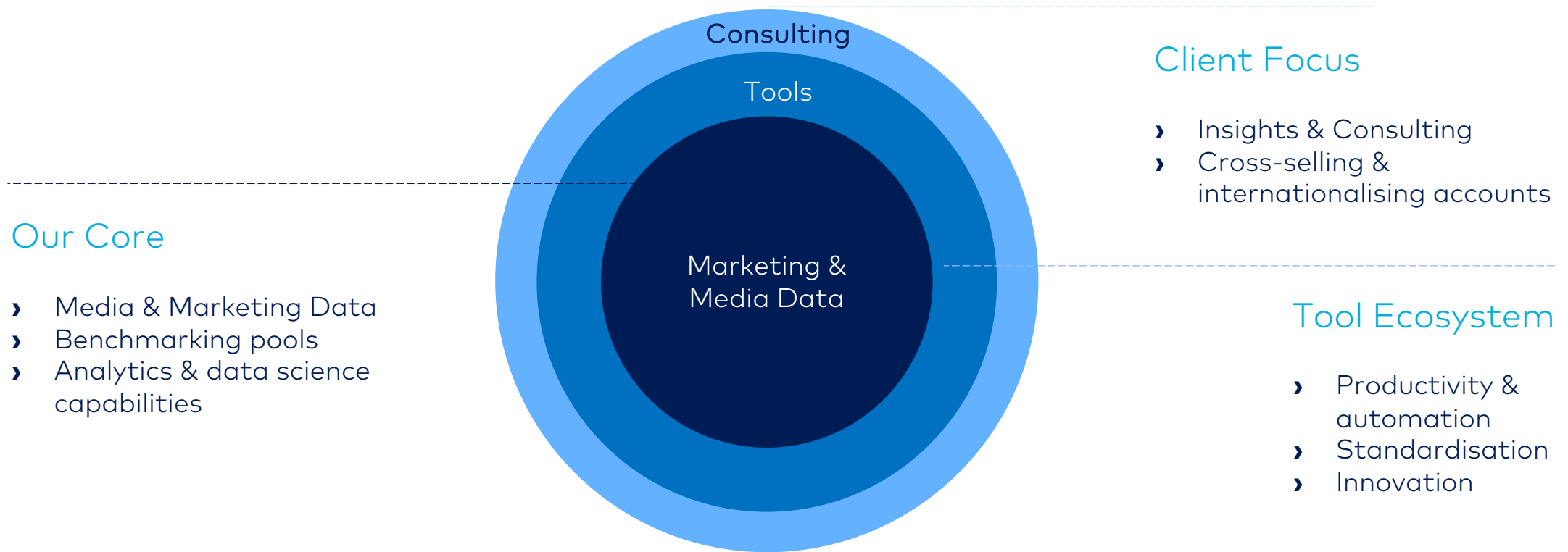
Our Ambition

**CMO**

**ebiquity**

## STRATEGIC OPPORTUNITY

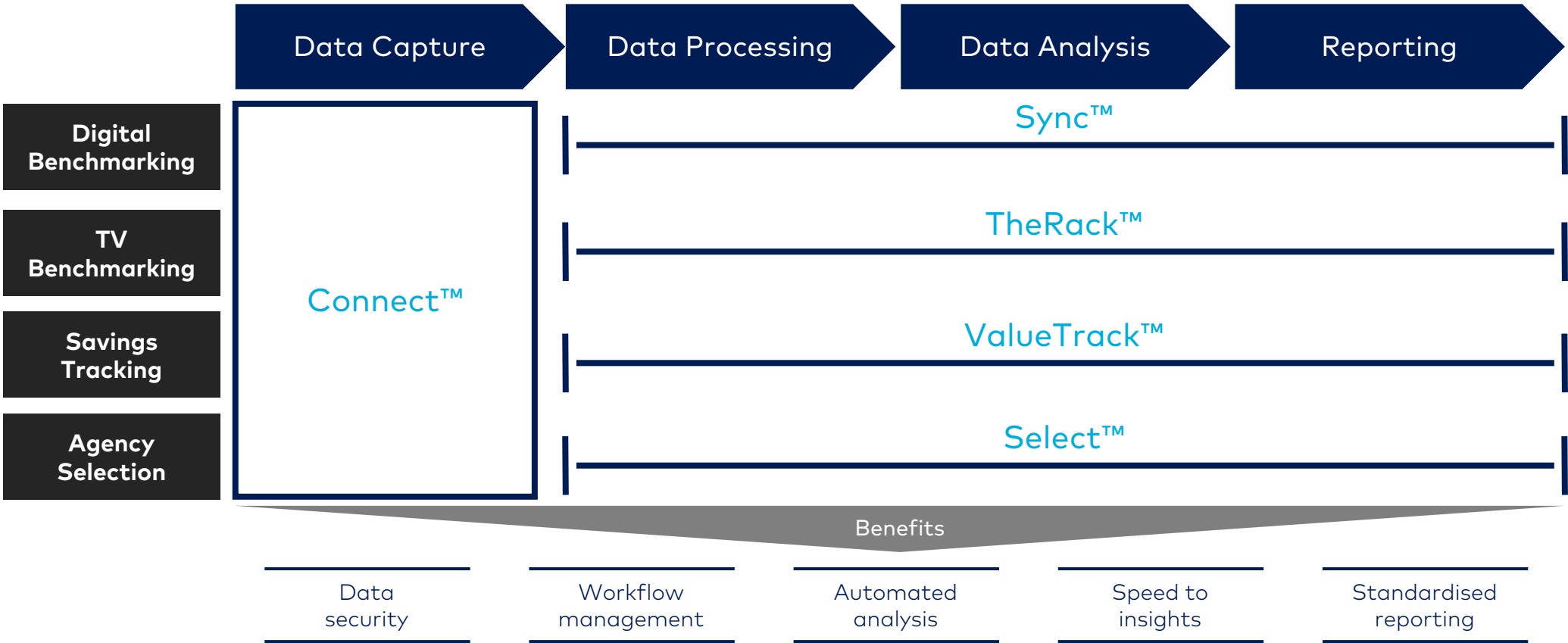
We are enhancing our core capability in marketing and media data analytics and continue building layers on top



STRATEGIC OPPORTUNITY

During 2019 we continued investing in standardising and scaling our methodologies and tools in our Media practice

*Ebiquity's Media Tool Suite*



# Defining a global strategic roadmap for in-housing digital media

Global TMT  
Group



“ Combined with a superb bench of talented expert advisors, Ebiquity have delivered relevant thought leadership, and have enabled us to drive meaningful transformation of our marketing activities.

*Global Brand Director*

Client Challenge	Solution	Outcomes
<ul style="list-style-type: none"><li>› Global TMT group was looking to achieve greater control and alignment of their digital media investments, &gt;\$200m globally</li><li>› Client wanted to assess whether, and if so, how best to in-house digital media</li></ul>	<ul style="list-style-type: none"><li>› Conducted review of client and key partner capabilities</li><li>› Assessed pros and cons of in-housing different areas of media, including biddable</li><li>› Created global blueprint for rolling-out in-housing units</li></ul>	<ul style="list-style-type: none"><li>› Brought digital media in-house across &gt;10 key markets</li><li>› 10-15% improvement on effectiveness of digital spend, with boost to KPIs while generating savings efficiencies</li><li>› Greater strategic alignment of digital with business outcomes</li></ul>

# Transforming the client-agency partner model globally



“

Ebiquity's media management team has been with us every step of the way and helped us choose the right roster of agency partners.

*Bob Rupczynski, SVP Marketing Technology*

## Client Challenge

- › McDonald's needed a trusted advisor to help it appoint a small roster of media agency partners globally, managing \$3bn in media spend
- › Client was looking to drive transformation in how they engage with partners, and align their media agency partner with the broader marketing organisation

## Solution

- › Aligned internal stakeholders – including markets and franchisees – on core media and marketing objectives
- › Orchestrated a strategic alignment process and partner review globally

## Outcomes

- › McDonald's now has a partner model to enable their transformational agenda and growth ambitions
- › Globally aligned objectives across markets and franchisees
- › Achieved greater transparency in media



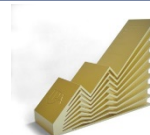
# Making the case for long-termism in marketing investment



“ Ebiquity are key partners in our insight and effectiveness programme. Innovative analytics have helped us change the way we think about marketing, which has ultimately helped us achieve better returns.

*Ann Constantine, Head of Marketing Effectiveness and Insight*

Client Challenge	Solution	Outcomes
<ul style="list-style-type: none"><li>› DLG wanted to better understand required levels of investment to support the different brands across its portfolio, and how best to optimise their budget allocation</li></ul>	<ul style="list-style-type: none"><li>› Analysed long-term impact of brand ads in all sales environments</li><li>› Developed portfolio strategy for marketing investment</li><li>› Identified evidence and rationale for short- and long-term effects using innovative new technique</li></ul>	<ul style="list-style-type: none"><li>› Quantified the role of brand in the price comparison website environment</li><li>› Identified evidence and rationale for short- and long-term effects</li></ul>



# Summary

## SUMMARY

- › 2019 is transitional period following AdIntel sale – have focussed on improving profitability and strengthening foundations for future growth
- › Continued to invest in areas of strategic value: Analytics, Digital, USA
- › Facing diverging market trends - greater demand from for independent advice on media spend while advertisers face pressures on their media budgets
- › Reduced debt level gives us greater financial flexibility to support future development in key areas, e.g. digital
- › Trading is in line with the Board's expectations in terms of profitability
- › Ebiquity is well-positioned to fulfil its potential and deliver improved performance in medium term



# Appendix

# Ebiquity is a leading independent marketing and media consultancy

## Media

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

## Analytics

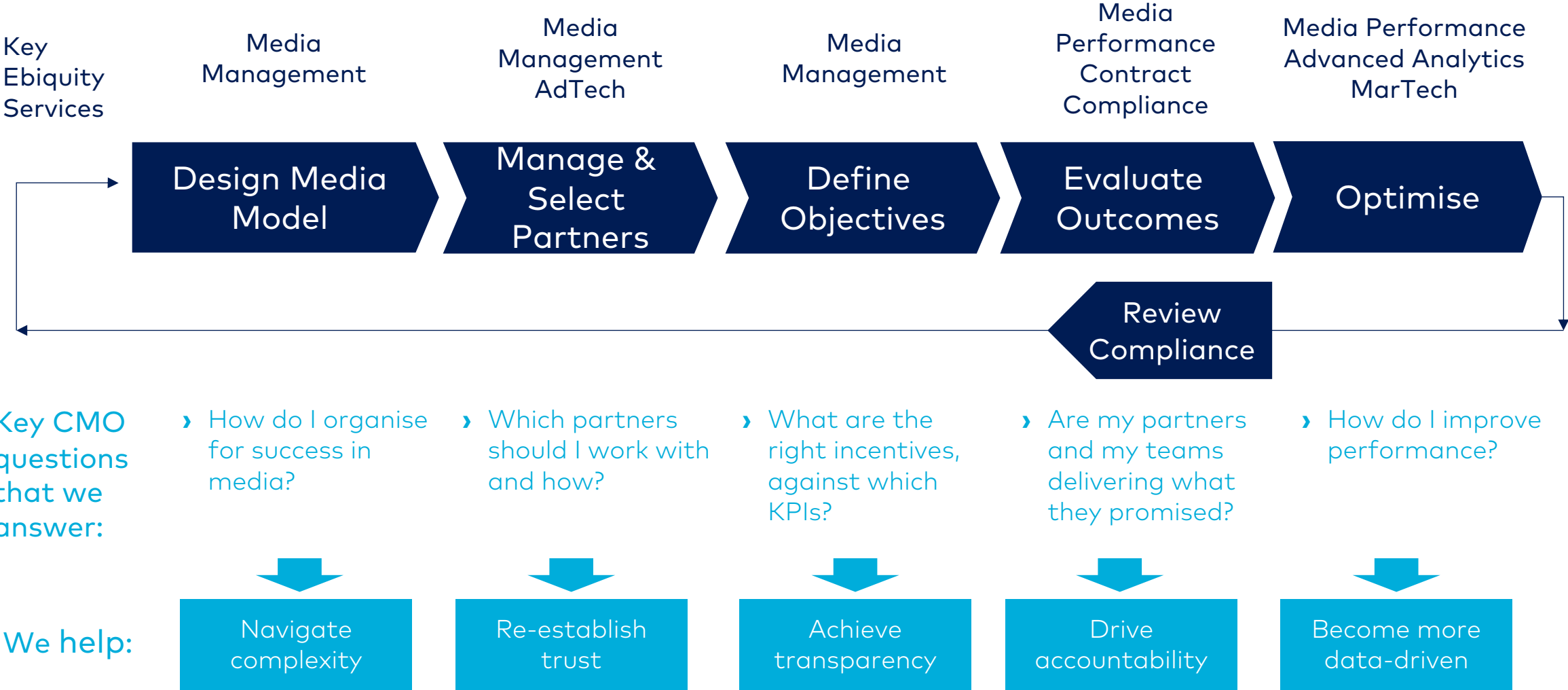
Build evidence-based marketing programmes rooted in data and analytics

## 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 ~650 FTEs across 18 offices globally
- › Listed on the London Stock Exchange (AIM: EBQ)

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



## APPENDIX

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



## APPENDIX

We work with global brands across a variety of key sectors

### AUTO



### FMCG



L'ORÉAL



### FINANCE



### RETAIL & QSR



### TMT



SONY