

Ebiquity Plc Half Year Results

Half Year Ended 30 June 2024

26 September 2024

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H1 revenue impact, but more positive revenue visibility into H2, strategic delivery progressing well

H1 2024 revenue impact and margin challenge

- › Revenue £37.9m (H1 2023: £40.6m)
- › Adjusted operating profit £2.3m (H1 2023: £6.0m)
- › Continued revenue growth in Digital Media Solutions more than offset by challenging market conditions in Continental Europe
- › Adjusted Operating Margin 6.2% (H1 2023: 14.7%) due to revenue shortfall plus some dual running costs during transition

H2 2024 more positive revenue visibility

- › Very strong new business activity with major global brands in all regions
- › New business pipeline momentum supports strong H2 2024 and Q1 2025 outlook

Strategic delivery progressing well

- › Good progress transitioning Agency Selection and ValueTrack delivery to GMP365, but slower progress with Benchmarking
- › Increased sales and marketing resources
- › New operating model now in place for scalable growth to take advantage of global market opportunity

Financial overview

Financial overview

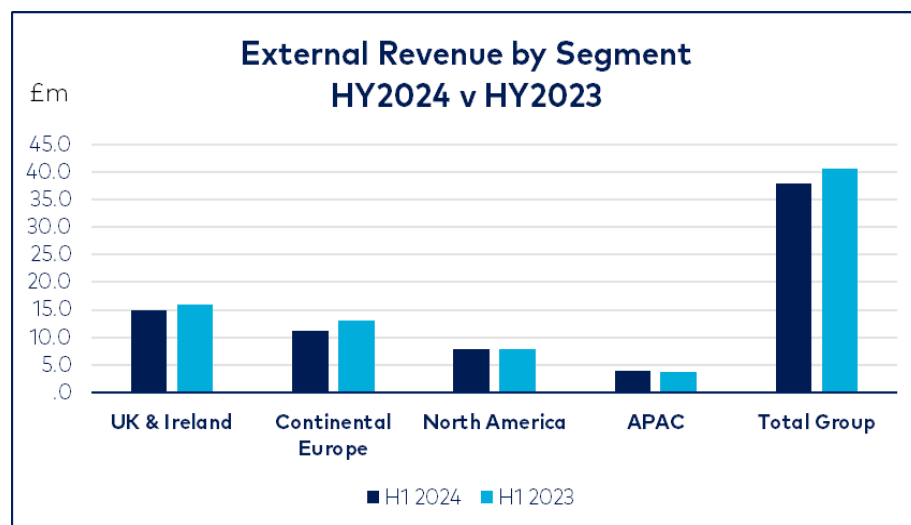
H1 revenue and operating profit in line with 22 August Trading Update

Income Statement	6 months to June 2024	6 months to June 2023	Change	
	£m	£m	£m	%
Revenue	37.9	40.6	(2.8)	(7)%
Operating Expenses	(35.5)	(34.6)	0.8	2%
Adjusted Operating Profit	2.3	6.0	(3.6)	(61)%
<i>Operating Margin</i>	6.2%	14.7%	--	(8.5)%
Finance Costs	(0.8)	(1.0)	0.1	(15)%
Adjusted Profit before Tax	1.5	5.0	(3.5)	(70)%
Adjusted Earnings per Share (p)	0.84p	2.94p	2.10p	(71)%
Highlighted Items (before tax)	(2.5)	(3.4)	0.9	-
Statutory Operating (Loss)/profit	(0.1)	2.4	(2.5)	-

Financial overview – EXTERNAL Revenue by Segment

External Revenue represents a Like-for-Like comparison

Successive changes to cost-recharges in 2023 and a change of regional revenue recognition methodology for 2024 make year-on-year comparatives by region unrepresentative. Only External Revenue (invoiced/accrued by the region) offers a meaningful comparison.



Segment	H1 2024	H1 2023	Change	
	£m	£m	£m	%
UK & Ireland	14.9	15.9	(1.1)	(7)%
Continental Europe	11.2	13.0	(1.8)	(14)%
North America	7.9	7.9	(0.0)	(0)%
APAC	3.9	3.8	0.1	2%
TOTAL	37.9	40.6	(2.8)	(7)%

- › **UK&I** reduction of £1.1m is across the Media Management, Media Performance and Contract Compliance Service Lines. The business has experienced client losses, budget cuts and changes in cadence of requests. One of the largest declines in the international business was the non-recurrence of the 2023 level of Agency Selection Management (ASM) work (which was as expected).
- › **CE** reduction of £1.8m is a combination of £0.4m moving to other regions, non-recurrence of ASM work and an overall reduction in sales due to budget cuts from Q4 23.
- › **North America** is flat year on year – this is due to several new clients won and successful expansion of services sold to existing clients offset by some material losses and client delays.
- › Small increase in **APAC** relates to a very good H1 2024 in contract compliance which is offset by a poor performance in the Media Australia business.

Financial overview

Robust 30 June 2024 balance sheet

- › Net assets decreased by £1.7m, largely due to the increase in net bank debt.
- › Net working capital of £10.7m, up from £8.4m in Dec 23
- › Deferred consideration of £3.4m represents an accrual for MMi payable in 2025.
- › Net debt of £15.3m comprises £6.6m cash, £22.0 bank loan and prepaid loan fees of £0.1m (2023: cash £10.0m; bank loan £22.0m, loan fees £0.1m)

Balance Sheet Summary	June 2024	December 2023
	£m	£m
Goodwill and intangible assets	47.2	49.2
Right of use asset	3.3	2.8
Other non-current assets	2.9	2.5
Net working capital	10.7	8.4
Lease liability	(4.1)	(4.4)
Other non-current liabilities	(1.4)	(0.9)
Deferred consideration (MMi)	(3.4)	(4.0)
Net debt	(15.3)	(11.9)
Net assets	40.0	41.7

Financial overview

H1 Cash flow

- › Adjusted Cash inflow from operations of £2.6m (2023: £4.7m)
- › Highlighted items largely represents :
 - Transformation costs - £0.6m
 - Corporate transaction costs - £0.5m
 - Refinancing costs - £0.2m
- › Investing activities include:
 - £0.5m intangible asset additions
 - £0.3m tangible asset additions
- › Financing activities include:
 - Bank loan fees paid on refinancing - £0.2m
 - Lease payments (per IFRS 16) of £1.2m

Cash Flow (including highlighted items)	June 2024	June 2023
	£m	£m
Adjusted Cash generated from Continuing operations	2.6	4.7
Highlighted items: cash items / Discontinued operations	(1.6)	(7.5)
Total Cash generated from/(used in) Operations	1.0	(2.8)
Interest and Tax	(2.2)	(1.2)
Net cash (used in) operating activities	(1.2)	(4.1)
Net cash (used in) investing activities	(0.8)	(0.1)
Net cash (used in)/generated by financing activities	(1.3)	2.3
Net (decrease) in bank and cash	(3.4)	(1.9)
Opening cash balances	10.0	12.4
Foreign exchange variance	(0.1)	(0.6)
Cash balances at end of period	6.6	9.8

Group net debt summary

Liquidity	June 2024	December 2023	June 2023
	£m	£m	£m
Gross Debt	22.0	22.0	25.0
Cash Balances	6.6	10.0	9.8
Loan fee prepayments	0.1	0.1	0.2
Net Bank Debt	15.3	11.9	15.0
Undrawn Facilities	8.0	7.1	4.7

Bank facility totals £30 million until April 2027, renewable for further 2 years

Covenants under bank facility applying:

- › Interest cover at > 3.0
- › Adjusted leverage < 2.5
- › Adjusted deferred consideration leverage < 3.5

Expectation that Net Debt, having increased somewhat in Q3, will return to around H1 level by year-end.





























Strong seasonal cash collections expected in Q1 25

Covenant and liquidity headroom projected

Momentum and Strong New Business

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Encouraging Momentum - major and extensive new business wins

	Global	US	Europe	Asia
New logos	   	 	 	    
Service Line extension	 	 	 	 
Geographic expansion	 		 	 

Business growth developments driving new opportunities and activity

- › High levels of new business activity continues into Q4 with 11 live multinational RFPs, and a further 3 expected imminently
 - Beauty, Automotive, Pharmaceutical, Dairy, Travel, Tourism, Technology, Entertainment, Alcoholic Beverages, Apparel, QSR
- › Asia Pacific management reporting "unprecedented" levels of activity
- › The Middle East a new source of business growth – Abu Dhabi client won; 5 live global RFPs from Dubai, Qatar, and Saudi Arabia
- › 20 more clients buying Digital Media Solutions on-boarded in H1
- › Strong demand for Marketing Effectiveness services
- › New Streaming TV product gaining traction in the US and testing in the UK (US\$ 500m of media investment data analysed)
- › New Retail Media product now live with first clients
- › Re-organised Sales and Marketing function
- › Investment in new product development, and software engineers for AI

Financial Outlook- well positioned for H2 double-digit growth

H2 2024

- › Full Year Secured Revenue now exceeds 88% of the full year expected outturn
- › H2 Revenue expected to grow year-on-year in mid-single digits
- › H2 Adjusted operating profit expected to reach double-digit growth over H2 23 due to operational leverage
- › Cash inflows to improve in Q4 as seasonal receivables are collected
- › No material non-trading cash outflows are expected in H2



Creating a More Efficient and Scalable Business

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Focused Strategic objectives underpin our business model



Geography

Accelerate growth in
North America and Asia
Pacific



Product

Productized digital
services, innovation for
rapidly growing channels,
diversify service offering



Clients

Develop higher value
strategic relationships



Operating Efficiency

Increase automation,
transform operating
model

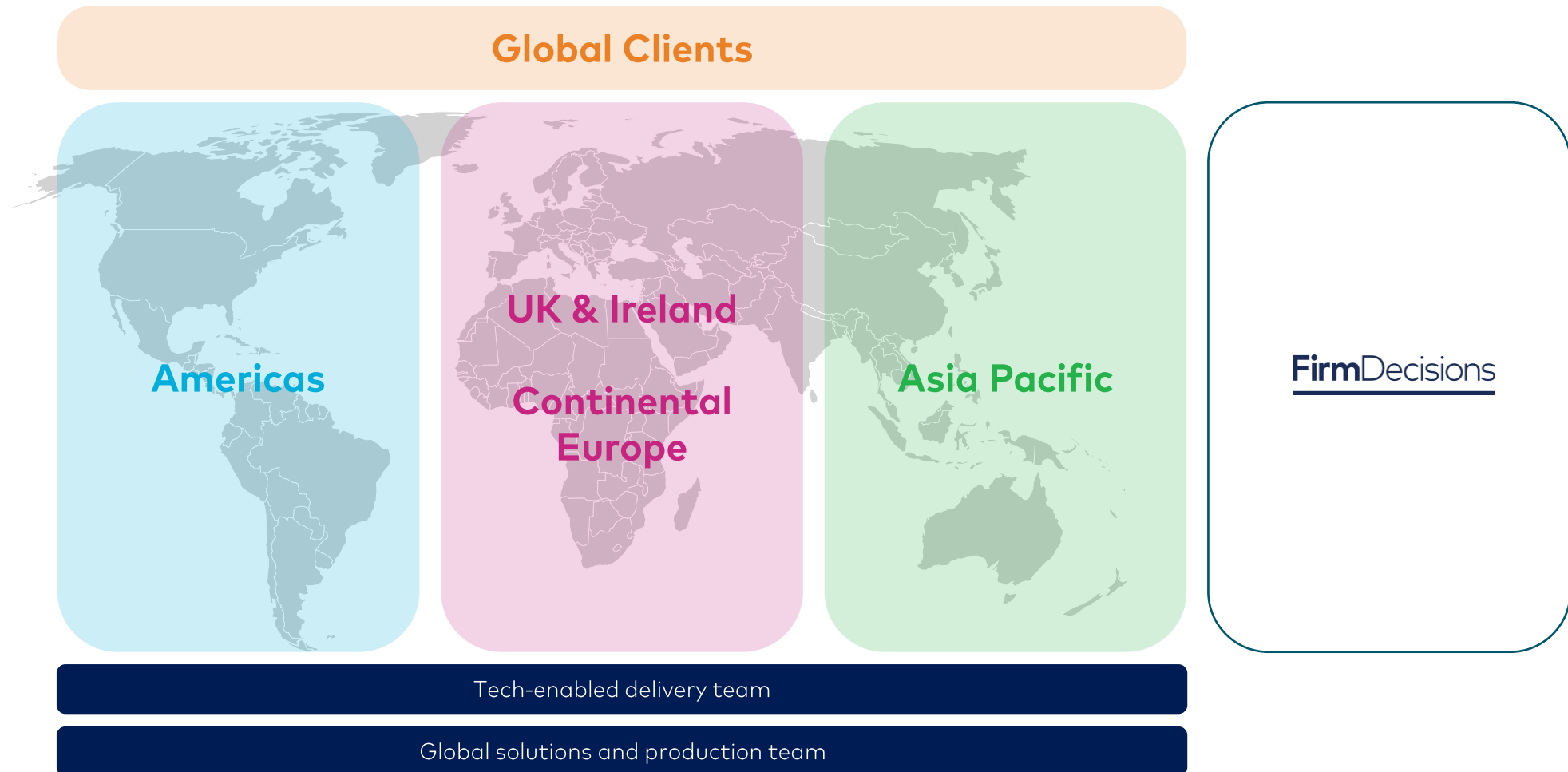
Transformation to a new operating model - efficiency gains and better client experience

- › Our strategic direction is to become a **tech-enabled** business improving efficiencies, and client experience
- › This involves rolling out the **GMP365** data management platform, and continuing to serve **Digital Media Solutions** and new-to-market products on the **Media Data Vault**
- › To facilitate the benefits of the tech-enabled service we have migrated project delivery jobs out of national market teams into a **globally mutualised delivery resource** located in lower cost territories
- › In-market teams are now primarily focused on **growing client relationships** and winning new business



Transformation to new operating model to create scalability

Regional and international client facing teams supported by global product and tech-enabled delivery teams



Progress rolling out GMP365 data management platform

Central to the transformation programme is the roll out of GMP365 to deliver three core services

ValueTrack

- › Good progress deploying GMP365 for ValueTrack
- › 50 ValueTrack clients were active in H1, covering an aggregate 473 national implementations – up 67% and 54% respectively over this time prior year
- › A reduction in "delivery hours" of up to 44% has been identified on projects

Agency Selection

- › Further good progress deploying the platform on Agency Selection Management processes (ASM)
- › 35 ASM processes were managed in H1 covering 130 client/country assignments
- › This is up 13% versus the 31 conducted in H1 2023, but smaller in scope than the 183 client/country assignments last year, which is reflective of lighter Media Management activity
- › A reduction in "delivery hours" of 63% has been identified on projects

Benchmarking

- › The transition of Benchmarking has been slower with 10 clients on-boarded for the GMP365 powered solution across 25 markets with some platform modifications required to facilitate wider roll out
- › The scheduled 2024-25 roll out of Benchmarking will now extend through 2026
- › Headcount efficiency gains will materialise when dual running of legacy processes tapers

Operational changes to enhance workflow processes



- › A fundamental change to the workflow processes to deliver our core services consistently in all markets
- › Change in job descriptions, responsibilities and reporting lines of a high proportion of the workforce
- › Project management software **Asana** rolled out globally to support the new workflow processes
- › **Operations Directors** appointed from within to drive efficiency gains through global project management and capacity utilisation
- › In-market teams being re-balanced to add more "hunters" and testing different sales incentive models to propel growth

Summary

Well-placed to achieve scalable growth

- › New business wins in Q2 and continuing extensive new business activity leading to improved H2, and momentum into 2025
- › Tech-enabled model now live with roll out of GMP365 data management platform accelerating
 - Revenue from GMP-enabled services more than doubled
 - Significant number of Agency Selection Management processes and ValueTrack clients on-boarded
- › Substantial changes to the operating model largely completed to realise process efficiencies
- › Number of clients buying Digital Media Solutions continues to grow
- › Scale, complexity, dynamism and opacity of global media market creates demand for our objective analysis
- › Scale of data lakes (>US\$ 70bn), new product innovation, global reach, superior technology, and A-grade client roster provide competitive advantage for Ebiquity
- › Well-placed to achieve scalable growth, drive greater efficiency, and create more cross-selling opportunities in a global market

Ebiquity is the world leader in media investment analysis

We deliver data-driven solutions that **create value and eliminate waste**, enabling brand owners to **increase returns** from their media investments and **improve business outcomes**

Our independent, fact-based advice is delivered through four service lines:

› **Media Management**

› **Media Performance**

› **Marketing Effectiveness**

› **Contract Compliance**

We stand out because we do things differently:



Independent advice

We can provide independent advice and solutions because we have no commercial interest in any part of the media supply chain



Unparalleled data expertise

We analyse c.\$100bn of media spend and contract value from 110 countries annually, including trillions of digital impressions



Innovating for the future

Solutions for the challenges of today and tomorrow, including CO2 emissions, disinformation, diversity, and rapidly emerging channels



Global reach and expertise

We cover 80% of the global advertising market providing us with the most comprehensive, independent view of the world's media investments

More than 70 of the world's top 100 advertisers today choose Ebiquity as their trusted independent media advisor

Creating a **Better** Media World, **Together**.

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