



# Annual Results Presentation

Full Year Ended 31<sup>st</sup> December 2022

30 March 2023

**ebiquity**

## EXECUTIVE SUMMARY

### Good progress against strategic goals; positive momentum enhanced by targeted acquisitions

- › Continued positive momentum from 2021
- › Strong revenue growth of 20%, including 9% organically
- › Operating profit and margin almost doubled
- › Successful integration of newly acquired companies
- › Strong performance across all geographies
- › Continued high revenue growth from Digital Media Solutions
- › Significant growth from Media Performance and Contract Compliance service lines
- › Outlook continues to look encouraging



# Financial Overview

## Strong revenue and adjusted profit growth – in line with expectations



Income Statement	December 2022	December 2021	Change	
	£m	£m	£m	%
Revenue	76.0	63.1	12.9	20%
Operating Expenses	(59.5)	(50.8)	(8.7)	17%
Adjusted Operating Profit	9.3	4.7	4.6	98%
Operating Margin	12%	7%	--	5 pp
Finance Costs	(1.3)	(0.6)	(0.7)	106%
Adjusted Profit before Tax	8.0	4.1	3.9	95%
Adjusted Earnings per Share (p)	5.4p	2.7p	2.7p	98%

Highlighted Items (before tax)	(15.2)	(9.8)	(5.4)	33%
Statutory Operating Loss	(5.9)	(5.1)	(0.8)	33%

*Highlighted Items include £7.9m accrual for Digital Decisions' post-date remuneration; £2.7 million for purchased intangible amortisation, £1.9m for acquisition costs, £1.2 million for onerous leases and £0.3m for impairment of Ebiquity Russia OOO*





## Net assets growth reflects acquisitions

- › Goodwill increased due to acquisitions in period
- › Net working capital of £9.4m, up from £3.4m due to phasing of project billing and transitional integration effects
- › Debtor days increased to 67 days from 61 days (2021) reflecting higher levels of invoicing at end of period
- › Digital Decisions Earn-out liability of £15.8 million
- › Deferred consideration includes £2.1 m accrual for MMi payable in 2025 & £0.1 m for Canada paid in Jan 2023
- › Net debt comprises £12.4m cash & £21.5m bank loan (2021: cash £13.1m; bank loan £18.0m)

Balance Sheet Summary	December 2022	December 2021
	£m	£m
Goodwill	43.1	28.2
Other intangible assets	12.8	4.5
Non-current assets	6.8	7.6
Net working capital	9.4	3.4
Digital Decisions "earn-out" due	(15.8)	(7.9)
Deferred consideration – other	(2.2)	-
Other non-current liabilities	(8.6)	(7.9)
Net debt	(9.1)	(4.9)
Net assets	36.3	23.0

## Cash Flow



- › Cash inflow from operations of £3.8m (2021: inflow of £11.8m)
- › Net working capital outflow of £6.0m (2021: inflow of £4.5m)
- › Investing activities include: £17.5m on acquisitions of Forde and Semple, MMi and Media Path
- › Financing activities include:
  - £14.4m net proceeds from share issue to fund acquisitions
  - £3.5m increase in bank borrowings
  - Lease payments (per IFRS 16) of £2.6m

Cash Flow (including highlighted items)	December 2022	December 2021
	£m	£m
Cash generated from operations	3.8	11.8
Interest and Tax	(2.6)	(3.1)
Net cash generated from operating activities	1.2	8.7
Net cash (used in) investing activities	(17.5)	(3.0)
Net cash (used in)/generated by financing activities	15.0	(3.3)
Net (decrease)/increase in bank and cash	(1.3)	2.4
Opening cash balances	13.1	11.1
Foreign exchange variance	0.6	(0.4)
Cash balances at end of period	12.3	13.1



## Adjusted Cash Flow – conversion ratio of 67%

Adjusted Cash from Operations	December 2022	December 2021
	£m	£m
Statutory Cash generated from operations	3.8	11.8
Highlighted Items -cash items	2.5	1.0
Highlighted Items - working capital movement	(0.1)	0.4
Adjusted cash generated from operations	6.2	13.2
Cash Flow Conversion Ratio (as % of Adj. OP)	67%	279%



## Group net debt summary

Bank facility increased in 2022 to £30 million until March 2025, renewable for further 2 years

Covenants applying since June 2022:

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

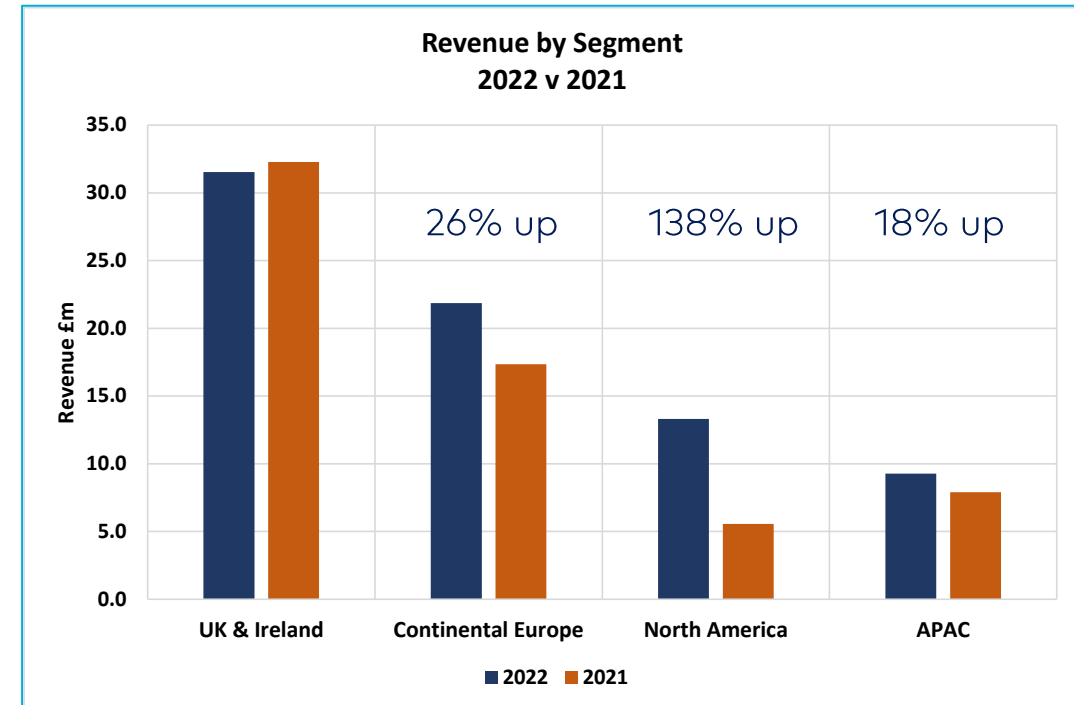
Liquidity	December 2022	December 2021
	£m	£m
Gross Debt	21.5	18.0
Cash Balances	12.4	13.1
Net Bank Debt	9.1	4.9
Undrawn Facilities	8.5	5.0





## Revenue by segment – reflects international expansion of business

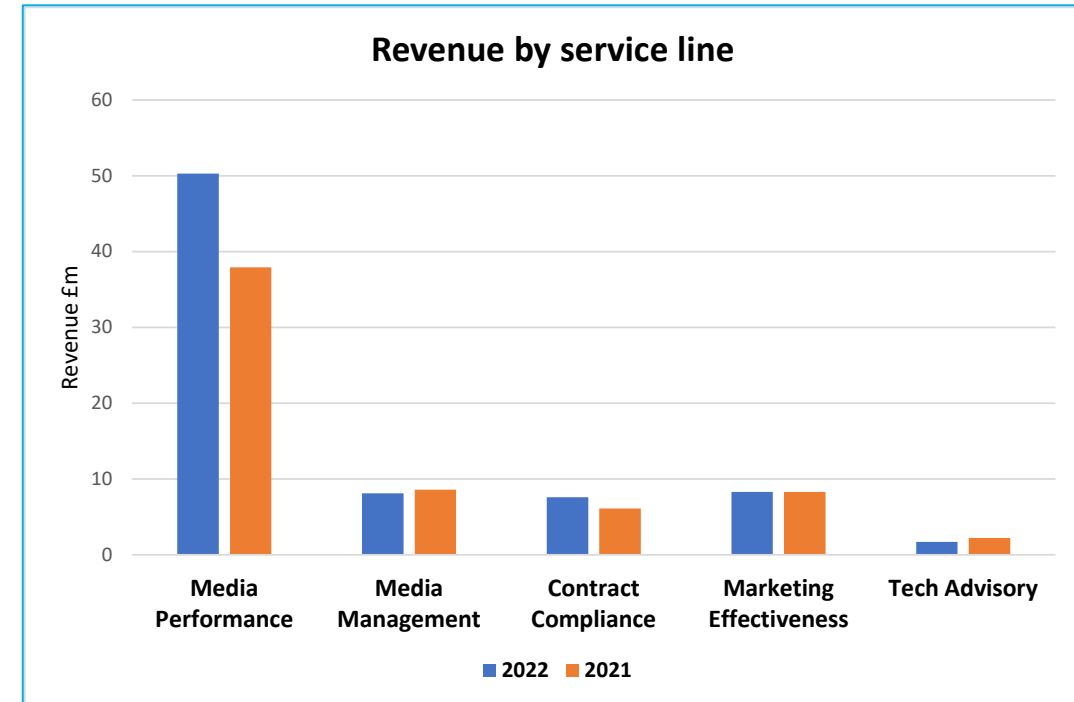
- › Reporting changed to geographical segments to reflect Group management structure
- › Continental Europe includes Media Path; Organic growth of 6%
- › North America includes MMi and Canada; Organic growth of 73%
- › UK: overall reduction of 3%; domestic media up 6%; offset by 13% reduction in international project revenue



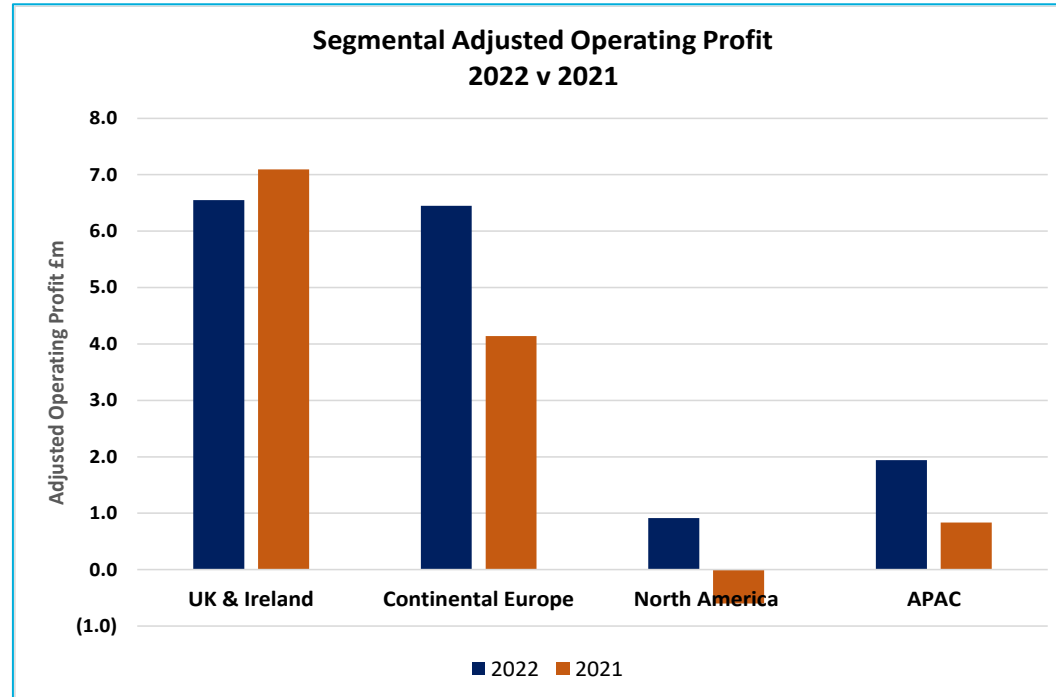


## Revenue by service line – high growth in media performance and contract compliance

- › Media Performance: 33% growth includes acquisitions and Digital Media Solutions which grew by 76%
- › Media Management: 6% reduction reflects lower agency pitch activity in market
- › Contract compliance up by 25%
- › Marketing Effectiveness static due partly to focus on higher margin projects



## Adjusted OP by segment



Segment	Adjusted OP margin % 2022	Adjusted OP margin % 2021
UK & Ireland	21%	22%
Continental Europe	30%	24%
North America	7%	(11)%
APAC	21%	18%

- UK & Ireland: remains largest profit-generating region; OP and margin fell slightly reflecting revenue performance
- Continental Europe: OP up 63% and margin up 6% points reflecting Media Path acquisition and increased profitability in France, Italy and Spain
- North America : turned around from loss-making position due to organic revenue growth and benefit of MMi and Canada acquisitions with further scale benefits expected in future
- Asia Pacific : OP up 42% ; margin up 3% points reflecting revenue growth and higher value clients

# Integration and contribution of acquisitions



### Strong progress and contribution in North America

- › Very positive impact of acquisitions:- Media Management Inc in the US and Forde & Semple in Canada
- › Revenue growth of +138% driven by acquisitions and 73% organic growth



Client roster almost doubled  
– now serving over 100 clients



Year One cost synergy  
targets exceeded



19 of 25 largest advertisers  
in US now Ebiquity clients



166% revenue growth from  
Digital Media Solutions



Expanded service offering – solution for  
\$40bn regional TV market; audience  
reconciliation; paid search



Improved automation through  
proprietary Circle Audit technology

## Strong progress and contribution in North America



- › Number of clients buying 2 or more products +85% year on year
- › Broader service offering increasing competitive advantage leading to new business and expanded client relationships





### MediaPath Network AB



- › A globally distributed media audit specialist with similar services to Ebiquity
- › Susanne Elias (Founder) joined Executive Leadership Team as Chief Delivery Officer to drive change of Ebiquity service delivery
- › GMP365 - a unique technology platform for granular analysis of advertisers' media investments. Major programme underway to roll out over three years
- › Onboarding of major international clients including BMW, Vodafone, DeLonghi, Philips
- › New business wins – Gap and Pernod Ricard in US; Suntory in Asia Pacific; Karcher in Europe; and national advertisers
- › Significant time savings on projects transferred to GMP365 – up to 60% time saving on some projects



SUNTORY

PHILIPS



# 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

### Key Strategic Objectives

➤ Increase revenue from digital services by developing productised data solutions

➤ Improve operational efficiency

➤ Develop higher value strategic relationships with increasing number major customers

➤ Continue to strengthen the business in North America and Asia Pacific









## A highly dynamic market with increasing complexity

- › Global advertising market remained more resilient than many anticipated against the backdrop of macro-economic challenges
- › Challenging market in China owing to the Zero-Covid policy
- › Reduced agency selection activity following the surge year of 2021
- › Significant shifts in the digital advertising market with Alphabet and Meta coming under pressure, Twitter upheaval, and gains for Tik Tok, Amazon, Apple
- › A boom in Commerce Media representing the third wave of digital advertising, and potentially to be the biggest. Open web programmatic budgets moving into retail programmatic
- › Rapid growth of Advanced Television but challenges for advertisers in audience measurement and campaign controls
- › Emergence of ad funded models for major subscription services – Netflix, Disney+
- › Complexity drives demand for Ebiquity services



## Progression against key operating metrics

		31 Dec 2020	31 Dec 2021	31 Dec 2022
	# clients buying 2+ Service Lines	58	76	97
	# clients buying 1 or more products from the new digital solutions portfolio	10	28	55
	Volume of digital advertising analysed on the platform – impressions	0.1 trn	0.6 trn	1.4 trn
	Value of digital advertising analysed on the platform – US\$	\$0.5bn	\$3.0bn	\$6.6bn
	# countries served with the new digital solutions portfolio	50	87	91
	% revenue derived from digital services	25%	29%	32%



## Digital Media Solutions has transformed our digital capabilities

- › Revenue growth of 76% and maintaining strong profit margin
- › Seven productised digital solutions in market, centred on Digital Governance programme
- › Positive progress against operational KPIs
  - 55 clients now buying digital products, +96% versus 2021
  - US\$6.6bn of digital advertising spend analysed within the Media Data Vault
  - Over 1.4 trillion impressions analysed, from 97 countries
- › Responsible Media Investment solution extended to 13 markets
- › Scope3 data now added to measure carbon footprint of digital media activity
- › Advanced TV solution in pilot phase in the US
- › New product development focused on Retail Media, evolving Paid Search product, and Influencer Marketing





## Strong progress against client development plans

- › Now working with 75 of the world's top 100 advertisers (Source:- ComVergence)
- › Breadth of national advertisers – 600 clients
- › 97 clients buying 2 or Service Lines up, +28% year on year
- › Global agency selection mandates from major advertisers – HSBC, Shell, JLR, BMW
- › Significant new business – Qatar Tourism, Upfield, VO2, Brown and Forman (Jack Daniels)





## Creating a more efficient business

- › Operating margin improved 5pp to 12.0%
- › Production costs reduced by 4%
- › Growth of higher margin Digital Media Solutions improving revenue mix
- › Scaling in the US enhancing economies of scale
- › Cost synergies from acquisitions on track
- › Continued scaling of Media Operations Centre delivery hub with productive hours up 25% year on year
- › Developing new operating model for service delivery expanding on success of Media Operations Centre
- › Focus on efficiency gains through increased adoption of technology



## Geographic and Service Line highlights

- › Improved scale and visibility in North America; greater penetration of large US corporates; opportunity to develop international business from the US
- › Asia Pacific continues good organic revenue performance of +18%; China +11% despite difficult market conditions created by Zero-Covid policy
- › Exceptionally strong performance in Southeast Asia with Singapore business up +80% driven by regional new business wins
- › Continental Europe revenue growth of +26% boosted by contribution of MediaPath
- › Standout performance from France up +46%
- › Media Performance the largest Service Line delivered revenue growth of +33% reflecting contribution of acquisitions and faster growing digital services
- › The Contract Compliance Service Line performed well with organic revenue growth of +25%
- › Tech Advisory service to be folded into Media Management. Disposal of small Digital Balance business in Australia

## Outlook

- › 2023 has started on track
- › Pipeline visibility is good
- › Strategy on plan including progress on delivering synergy benefits to our three year targets
- › Macro driven inflationary cost pressures to be managed
- › Remain confident on delivering medium term margin growth
- › The complexity and dynamism of the global media market creates opportunities
- › Ebiquity's service offering positions us well to meet the needs of advertisers



# 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](https://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.