

Capital Markets Day

Financial Performance

Condensed consolidated income statement (reported)

2019 versus 2018

- / Revenue +292%
- / Gross profit +361%
- / Operational EBITDA +612%

By territory

- / America's +497% (in 2019: 68% of total)
- / EMEA +163% (in 2019: 24% of total)
- / APAC +554% (in 2019: 8% of total)

By practice

- / Content in 2019: 66% of total
- / Data & digital media in 2019: 34% of total

	Reported HY1 2020 £'000	Reported HY1 2019 £'000	Reported 2019 £'000	Reported 2018 £'000
For the period ended 31 December				
Revenue	141.344	87.972	215.132	54.845
Cost of sales	17.375	17.787	43.814	17.681
Gross profit	123.969	70.185	171.318	37.164
Net operating expenses	121.477	76.414	175.153	45.634
Operating (loss) / profit	2.492	(6.229)	(3.835)	(8.470)
Adjusted operating profit	16.266	8.735	31.148	4.042
Adjusting items	(13.773)	(14.965)	(34.983)	(12.512)
Operating (loss) / profit	2.492	(6.229)	(3.835)	(8.470)
Net finance expense	(2.374)	(2.261)	(5.360)	(651)
Result before income tax	119	(8.490)	(9.195)	(9.121)
Income tax expense	(641)	(329)	(845)	1.011
Result for the period	(523)	(8.819)	(10.040)	(8.110)

HY1 2020 versus HY1 2019

- / Revenue +61%
- / Gross profit +77%
- / Operational EBITDA +69%

By territory

- / America's +87% (in 2020: 72% of total)
- / EMEA +43% (in 2020: 19% of total)
- / APAC +87% (in 2020: 9% of total)

By practice

- / Content in 2020: 76% of total
- / Data & digital media in 2020: 24% of total

Reconciliation to operational EBITDA				
Operating (loss) / profit	2.492	(6.229)	(3.835)	(8.470)
Adjusting items	13.773	14.965	34.983	12.512
Depreciation (excluding right-of-use asset depreciation)	1.719	890	2.260	648
Operational EBITDA	17.985	9.626	33.408	4.690
As percentage of Gross Profit	14,5%	13,7%	19,5%	12,6%
Central costs	2.493	2.475	5.817	1.355
Operational EBITDA before central costs	20.478	12.101	39.225	6.045

Gross margin per territory				
America's	88.819	47.411	117.063	19.610
EMEA	23.991	16.798	40.765	15.491
Asia-Pacific	11.160	5.976	13.490	2.063
Total	123.969	70.185	171.318	37.164

Gross margin per practice				
Content	94.411	45.216	113.365	36.248
Programmatic	29.559	24.969	57.953	916
Total	123.969	70.184	171.318	37.164

Condensed consolidated income statement (pro-forma)

2019 versus 2018

- / Revenue +37%
- / Gross profit +39%
- / Operational EBITDA +47%

By territory

- / America's +39% (in 2019: 71% of total)
- / EMEA +27% (in 2019: 22% of total)
- / APAC +107% (in 2019: 7% of total)

By practice

- / Content in 2019: 73% of total
- / Data & digital media in 2019: 27% of total

	Pro-forma HY 1 2020 £'000	Pro-forma HY 1 2019 £'000	Pro-forma FFY 2019 £'000	Pro-forma FFY* 2018 £'000
For the period ended 31 December				
Revenue	144,449	133,941	270,987	197,971
Cost of sales	17,375	21,707	46,808	36,784
Gross profit	127,074	112,234	224,179	161,187
Net operating expenses	124,025	108,836	221,647	172,232
Operating (loss) / profit	3,049	3,398	2,532	(11,045)
Adjusted operating profit	16,823	18,486	42,500	28,923
Adjusting items	(13,773)	(15,088)	(39,968)	(39,968)
Operating (loss) / profit	3,049	3,398	2,532	(11,045)
Net finance expense	(2,356)	(2,055)	(5,360)	(5,360)
Result before income tax	693	1,343	(2,828)	(16,405)
Income tax expense	(751)	(1,358)	(2,858)	1,434
Result for the period	(58)	(15)	(5,686)	(14,971)

HY1 2020 versus HY1 2019

- / Revenue +8%
- / Gross profit +13%
- / Operational EBITDA -5%

By territory

- / America's +14% (in 2020: 72% of total)
- / EMEA +7% (in 2020: 19% of total)
- / APAC +18% (in 2020: 9% of total)

By practice

- / Content in 2020: 76% of total
- / Data & digital media in 2020: 24% of total

Reconciliation to operational EBITDA				
Operating (loss) / profit	3,049	3,398	2,532	(11,045)
Adjusting items	13,773	15,088	39,968	39,968
Depreciation (excluding right-of-use asset depreciation)	1,720	1,025	2,463	1,734
Operational EBITDA	18,543	19,511	44,963	30,657
As percentage of Gross Profit	14,6%	17,4%	20,1%	19,0%
Central costs	2,493	2,361	5,817	5,817
Operational EBITDA before central costs	21,036	21,872	50,780	36,474

Gross margin per territory				
America's	91,672	80,223	160,434	115,623
EMEA	24,242	22,563	48,861	38,377
Asia-Pacific	11,160	9,448	14,884	7,187
Total	127,074	112,234	224,179	161,187

Gross margin per practice				
Content	97,515	84,562	162,579	122,381
Programmatic	29,559	27,672	61,600	38,806
Total	127,074	112,234	224,179	161,187

* Pro-forma comparable numbers as used in 2019 statements

Financial performance HY1 2020

- / Billings* £260.4million and pro-forma** billings £264.9 million
- / Revenue £141.3 million up 61% from £88.0 million, like-for-like*** revenue up 7%, pro-forma up 8%
- / Gross profit £124.0 million up 77% from £70.2 million, like-for-like up 12%, pro-forma up 13%
- / Operational EBITDA**** £18.0 million up 87%, like-for-like down 6%, pro-forma down 5%
- / Operational EBITDA margin 14.5%, up 0.8 margin points on 2019, pro-forma 14.6%
- / Operating profit £2.5 million, which includes adjusting items of £13.8 million (acquisition expenses, amortization and share-based compensation), versus an operating loss of £6.2 million in 2019 and pro-forma operating profit of £3.0 million
- / Result before income tax £0.1 million, which includes adjusting items, versus a loss of £8.5 million in 2019 and pro-forma result before income tax of £0.7 million
- / Result for the period £0.5 million (loss) which includes adjusting items after taxation versus £8.8 million (loss) in 2019 and pro-forma result for the period £0.1 million (loss)
- / Adjusted Basic net result per share 2.3p versus 0.9p in 2019
- / Basic net result per share 0.1p (loss) versus 2.5p (loss) in 2019 and pro-forma net result per share 0.0p
- / Mid year net cash***** £7.2 million, including the £45.8 million term loan drawn and drawdown revolving facilities of £31.9 million
- / Good start to Q3 2020 with July gross profit up 18%, and maintaining 2020 full year: sector-leading double digit growth on like-for-like Revenue and Gross Profit and reasonably strong EBITDA margin

*Billings is gross billings to client including pass through costs

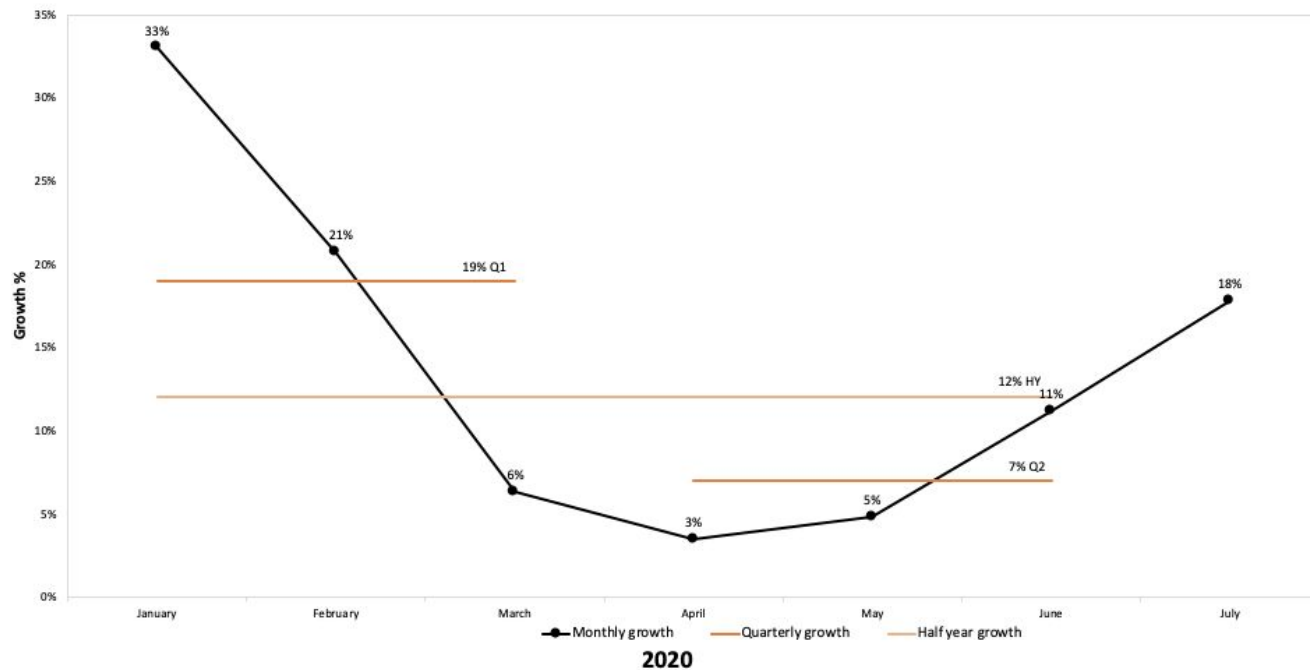
**Pro-forma numbers relate to unaudited full year non-statutory and non-GAAP consolidated results in constant currency as if the group had existed in full for the year and have been prepared under comparable GAAP with no consolidation eliminations

***like-for-like relates to 2019 being restated to show the unaudited numbers for the previous year of the existing and acquired businesses consolidated for the same months as in 2020 applying currency rates as used in 2020

****Operational EBITDA is EBITDA adjusted for non-recurring items and recurring share-based payments and is a non-GAAP measure management uses to assess the underlying business performance

*****Net cash including bank loans

Gross Profit performance like-for-like



Unaudited consolidated balance sheet

/ Increase in intangibles driven by combination with Circus and exchange rate differences

/ Receivables decreased as a result of strong focus

/ Net cash position of £7.2 million, including the £45.8 million term loan drawn and drawdown revolving facilities of £31.9 million

/ Most contingent considerations are settled in relation to 2019 M&A transactions

		Six months ended 30 Jun 2020 GBP'000	Six months ended 30 Jun 2019 ¹ GBP'000	Year ended 31 Dec 2019 ¹ GBP'000
Assets				
Non-current assets				
Intangible assets	8	611,962	404,646	540,129
Right-of-use assets		23,127	16,159	25,779
Property, plant and equipment		12,880	5,692	9,730
Deferred tax assets		993	190	1,086
Other receivables		2,606	2,033	2,731
		651,568	428,720	579,455
Current assets				
Trade and other receivables	9	120,409	95,589	126,353
Cash and cash equivalents		84,972	26,944	66,106
		205,381	122,533	192,459
Total assets		856,949	551,253	771,914
Liabilities				
Non-current liabilities				
Deferred tax liabilities		56,446	40,563	54,834
Loans and borrowings	20	45,800	46,253	42,374
Lease liabilities		17,579	9,844	18,787
Contingent considerations		410	16	3,669
Other payables		2,159	2,089	2,007
		122,394	98,765	121,671
Current liabilities				
Trade and other payables	12	124,949	95,322	118,014
Loans and borrowings	30	31,935	-	-
Contingent considerations and holdbacks		15,858	8,013	51,202
Lease liabilities		6,769	6,468	7,975
Tax liabilities		13,475	5,548	6,751
		192,986	115,351	183,942
Total liabilities		315,380	214,116	305,613
Net assets		541,569	337,137	466,301
Equity				
Attributable to owners of the company				
Share capital		122,530	91,038	117,307
Reserves		418,939	245,999	348,894
		541,469	337,037	466,201
Non-controlling interests		100	100	100
Total equity		541,569	337,137	466,301

Unaudited consolidated statement of cash flows

/ Strong cash flow: £37.6 million cash flow from operations with £18 million EBITDA in HY1

/ Cash flow from investing activities mainly relate to the combination of Circus and settlement of 2019 combinations

/ Cash flow from financing activities mainly relate the drawdown of the revolving facility early March

	Six months ended 30 Jun 2020 GBP'000	Six months ended 30 Jun 2019 GBP'000	Year ended 31 Dec 2019 GBP'000
Notes			
Cash flows from operating activities			
Profit / (loss) before income tax	118	(8,490)	(9,195)
Financial income and expenses	2,374	2,262	5,360
Depreciation and amortisation	16,592	10,305	24,972
Share based compensation	6,141	1,319	7,177
Acquisition and set-up related expenses	(1,805)	7,358	12,806
Decrease / (increase) in trade and other receivables	11,936	(14,184)	(31,288)
Increase in trade and other payables	2,210	15,106	22,310
Cash flows from operations	37,566	13,676	32,142
Income taxes paid	(1,246)	(2,147)	(7,571)
Net cash flows from operating activities	36,320	11,529	24,571
Cash flows from investing activities			
Investments in intangible assets	(49)	-	(1,578)
Investments in property, plant and equipment	(4,192)	(947)	(7,865)
Acquisition of subsidiaries, net of cash acquired	(40,876)	(2,571)	(56,954)
Financial fixed assets	192	(592)	(779)
Cash flows from investing activities	(44,925)	(4,110)	(67,176)
Cash flows from financing activities			
Proceeds from issuance of shares	126	-	97,451
Amount draw down during the period	31,025	-	22,418
Payment of lease liabilities and interest	(5,688)	(4,494)	(6,687)
Repayments of loans and borrowings	-	-	(24,119)
Interest paid	(474)	(1,105)	(4,744)
Cash flows from financing activities	24,989	(5,599)	84,319
Net movement in cash and cash equivalents	16,384	1,820	41,714
Cash and cash equivalents beginning of the period	66,106	25,005	25,005
Exchange gain / (loss) on cash and cash equivalents	2,482	119	(613)
Cash and cash equivalents at end of period	84,972	26,944	66,106

Actions taken to mitigate COVID-19 impact

ON COSTS

- / 50% reduction in compensation for execs and board as from April 1st
- / Reducing/terminating office leases in a number of cities and accelerating integration
- / Other opex reductions on travel and entertainment, marketing and promotions, bonuses etc
- / Hiring reduction and scaling down on number of freelancers
- / Adjusting people to client demand where necessary
- / With current measures impact in 2020 will be around £20 million relative to budget (£2 million more than estimated at Q1 trading update)

ON LIQUIDITY

- / Drawdown of revolver of £32 million (early March, repaid in August)
- / Monitoring cash balances of all entities on a daily basis
- / Increased activities on receivable collections, provisions adequate
- / No government loans, mainly delays in tax payments
- / Waiving cash bonuses by execs for shares with a two year lock up
- / Except for a few weeks we have been operating with a net cash balance in 2020

Our three year goal

Doubling the size of the Company organically by 2022

- / Focussed on Gross Profit and EBITDA performance of the group
- / On the basis of last year's like-for-like performance
- / Last year's like-for-like basis will be reset once a merger is executed (in current year)
- / We reset the base given the unitary structure (which means amongst others that we do not invoice within the group)
- / Doubling the size in three year means a compound growth rate at 26%

/ As included in our 2019 annual report, the pro-forma base was:

Gross Profit	GBP 224 million
EBITDA	GBP 45 million

- / 2020 mergers (Circus, Digodat, Lens10, Orca, BrightBlue) will increase/reset the 2019 base
- / Each year in October/November we have our budget and three year planning process to substantiate our growth plans

Thank You

Any questions please get in touch

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