



Tuesday 23 March 2021

# **HY 2021**

# **Results Presentation**

Half Year Results to 31 January 2021



## Disclaimer

This presentation contains forward-looking statements that reflect YouGov's current views with respect to future events and financial and operational performance. These forward-looking statements are based on YouGov's beliefs, assumptions and expectations regarding future events and trends that affect YouGov's future performance, taking into account all information currently available to YouGov, and are not guarantees of future performance. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future, and YouGov cannot guarantee the accuracy and completeness of forward-looking statements. A number of important factors, not all of which are known to YouGov or are within YouGov's control, could cause actual results or outcomes to differ materially from those expressed in any forward-looking statement as a result of risks and uncertainties facing YouGov. Any forward-looking statements are made only as of the date of this presentation, and YouGov assumes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information or for any other reason.



# Key Highlights

Stephan Shakespeare, *CEO*

# Robust underlying revenue and profit growth in line with expectations

## Financial Summary

- Revenue growth of 3% (9% on an underlying<sup>1</sup> basis) with a strong sales pipeline weighted towards the second half of the financial year
  - Record sales seen in December 2020 with that strong momentum continuing into 2021
  - Several multi-year contracts secured in the last three months, underpinning our confidence for the future
- Underlying<sup>1</sup> operating profit up by 15%, representing a margin of 14.2% (HY20: 13.5%), despite absorbing an increased non-cash share-based payment charge
  - Adjusted operating profit<sup>2</sup> down 7% to £10.5m (HY20: £11.3m) impacted by planned closure of Kurdistan business
- Adjusted earnings per share<sup>3</sup> up by 11% to 9.7p (HY20: 8.7p)
- Net cash balances of £27.5m (31 January 2020: £27.2m); cash conversion of 92%
  - Cash balance maintained despite increased investments in panel and technology and payment of dividends in December 2020
- Continued investment in the business for further growth supported by a strong, debt-free balance sheet

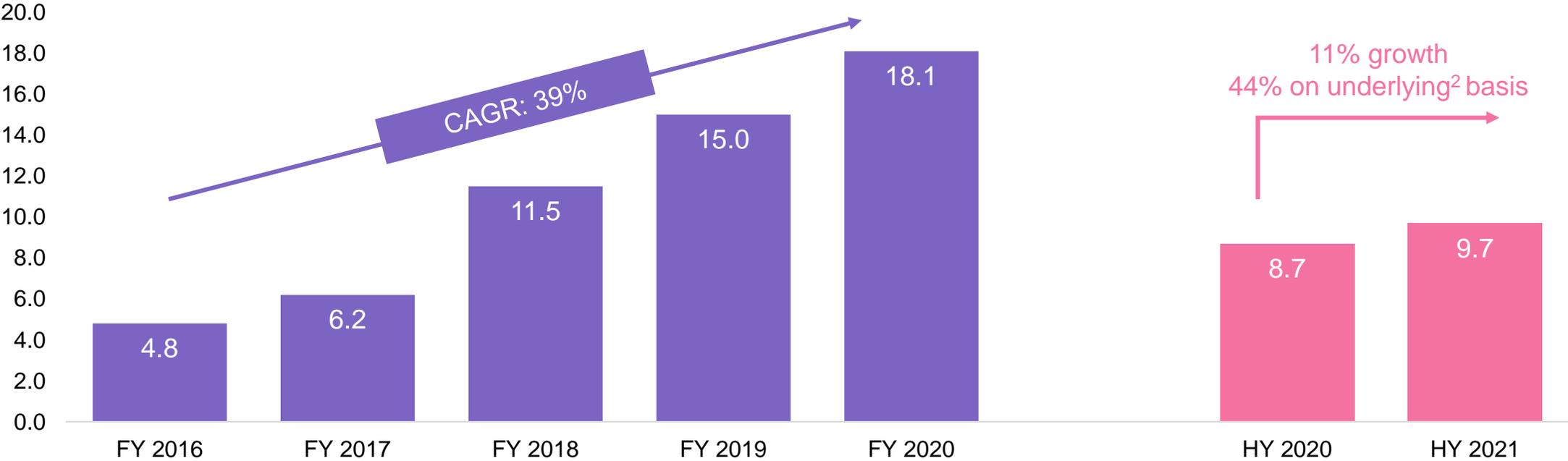
<sup>1</sup> Defined as growth in business excluding impact of current and prior period acquisitions and Kurdistan business closure, and movement in exchange rates.

<sup>2</sup> Defined as operating profit including amortisation of intangible assets charged to operating expenses and excluding separately reported items.

<sup>3</sup> Defined as earnings per share before the post-tax impact of share based payment charges, imputed interest and separately reported items.

# Underlying business continues to deliver strong bottom-line growth in line with our long-term growth plans

Adjusted Basic EPS<sup>1</sup> (p per share)



<sup>1</sup> Defined as earnings per share before the post-tax impact of share based payment charges, imputed interest and separately reported items.  
<sup>2</sup> Defined as growth in business excluding impact of current and prior period acquisitions and Kurdistan business closure, and movement in exchange rates.

# Continuing to execute against our stated strategy and increase the relevance of our business proposition

## Operational Highlights



- Stronger demand for more tactical, fast turnaround projects as our clients adjusted to the pandemic
- Completed the transition to a client-centric account management structure in the US and UK which led to significant new contract wins towards the end of the period
- Turnaround in Mainland Europe following the unification of our European teams completed last year



- Continued investment in the business for further growth supported by a strong balance sheet:
- Commenced the biggest simultaneous expansion of YouGov's panel into 15 new markets allowing sales teams to target more global contracts
  - Developed YouGov Safe to allow users to generate personal value from data portability initiatives while giving them control to securely and safely store data
  - Expanded YouGov Direct into new markets and integrated with YouGov Chat to acquire members
  - Continued evolution to bring our core data products and services onto a single platform and unify our member base for a simpler, more rewarding panellist experience

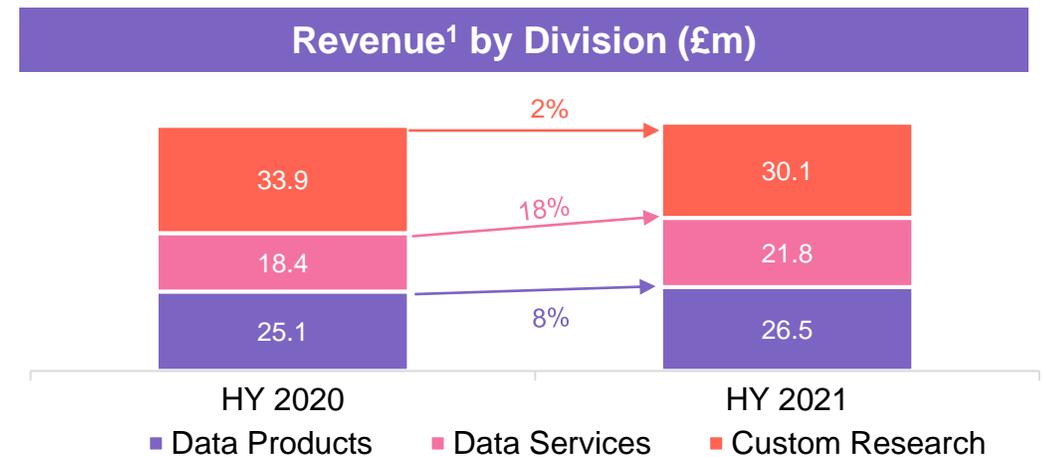
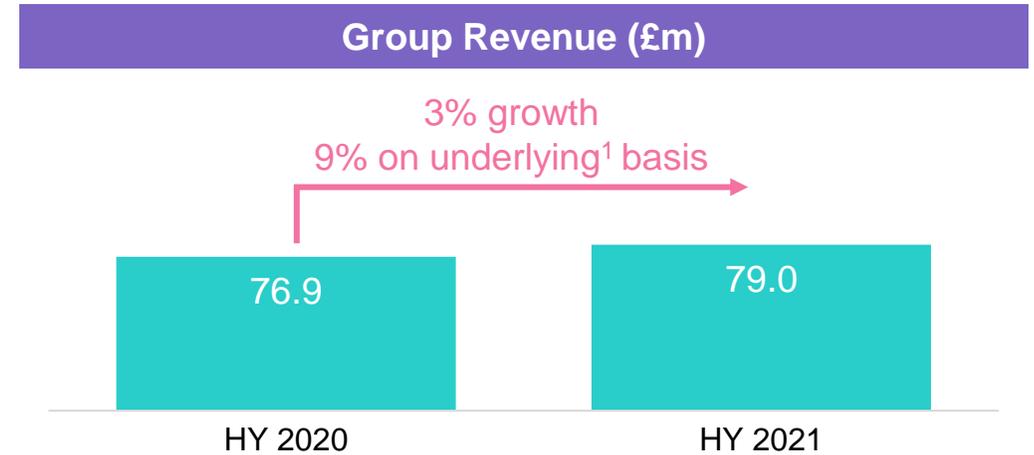


# Financial Updates

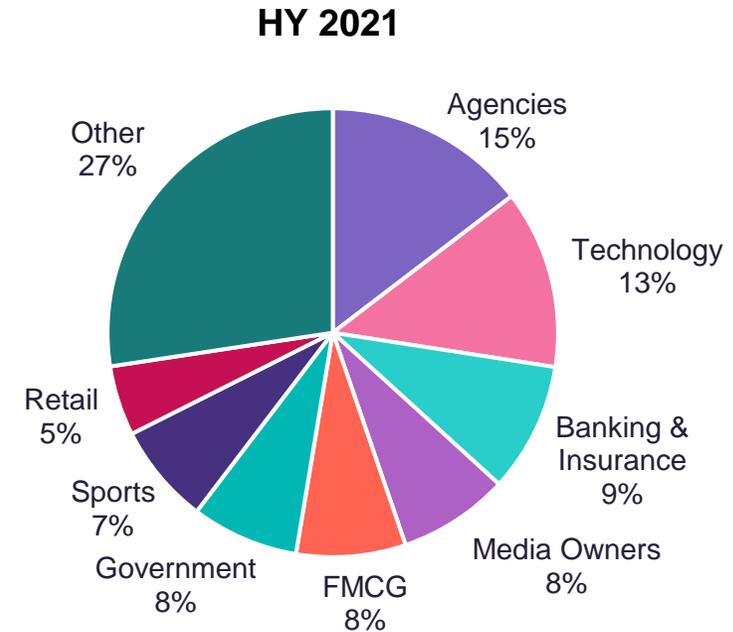
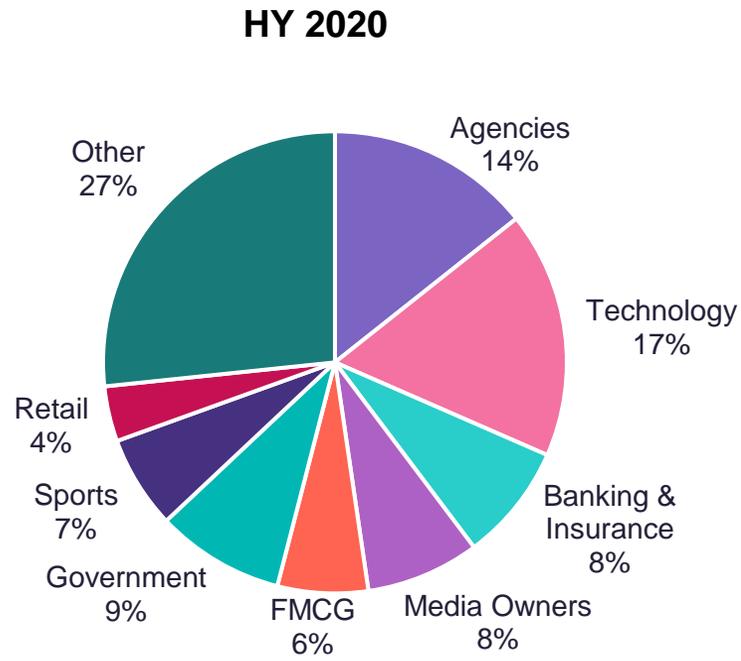
Alex McIntosh, *CFO*

# Revenue Performance by Division

- **Data Products** performance has been moderate as the shift in account management structure pushed sales, in our key US and UK markets, into the latter half of the period
- **Data Services** benefitted from a global recovery in demand for fast turn-around research projects as clients adjusted to the “new normal”
- **Custom Research** saw stable underlying growth trends
  - Mainland Europe performed well on the back of contract wins in the previous year that leveraged our connected data proposition
  - US benefitted from non-recurring election work
  - Reported results offset by the expected closure of operations in Kurdistan in the prior year period



# Revenue Performance by Sector



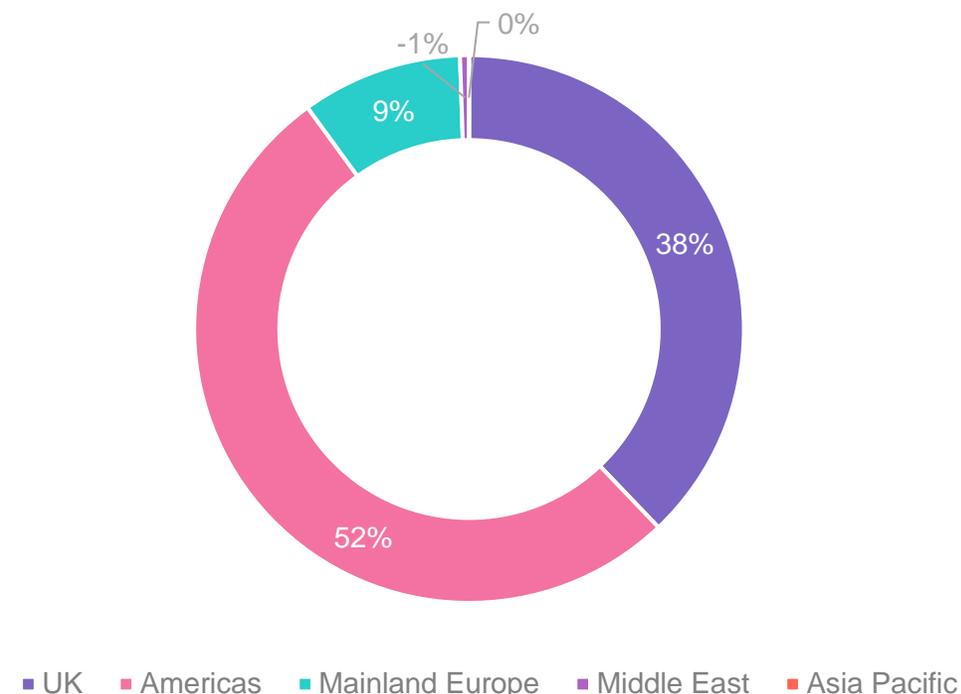
- Growth seen in Retail and FMCG sectors as the pandemic reinforces the importance for online, data-driven research for consumer-facing businesses
- Government sector has seen good growth, but contribution impacted by planned Kurdistan closure
- Sports business has maintained its contribution despite the sector being heavily disrupted by the pandemic
- New initiatives in the gaming and e-sports and healthcare segments have made good progress during the pandemic

# Adjusted Operating Profit<sup>1</sup> Performance by Division and Geography

- 15% growth in underlying<sup>2</sup> operating profit (excluding impact of planned Kurdistan closure and FX)
  - Represents an underlying<sup>2</sup> operating profit margin of 14.2% (HY20: 13.5%)
- Slight decline in Data Products margin due to lower revenue growth
- Data Services margin expanded benefitting from operational leverage
- Custom Research margin impacted by closure of the Kurdistan business

|                 | Six Months to 31 Jan 2021<br>£m | Six Months to 31 Jan 2020<br>£m | Operating Profit growth % | Operating Margin Year to 31 Jan 2021 | Operating Margin Year to 31 Jan 2020 |
|-----------------|---------------------------------|---------------------------------|---------------------------|--------------------------------------|--------------------------------------|
| Data Products   | 8.8                             | 8.5                             | 4%                        | 33%                                  | 34%                                  |
| Data Services   | 3.7                             | 2.8                             | 33%                       | 17%                                  | 15%                                  |
| Custom Research | 4.7                             | 8.0                             | (41%)                     | 16%                                  | 24%                                  |
| Central costs   | (6.7)                           | (8.0)                           | -                         | -                                    | -                                    |
| <b>Group</b>    | <b>10.5</b>                     | <b>11.3</b>                     | <b>(7%)</b>               | <b>13%</b>                           | <b>15%</b>                           |

6 months to 31 January 2021  
Adjusted Operating Profit<sup>1</sup>



# Balance Sheet

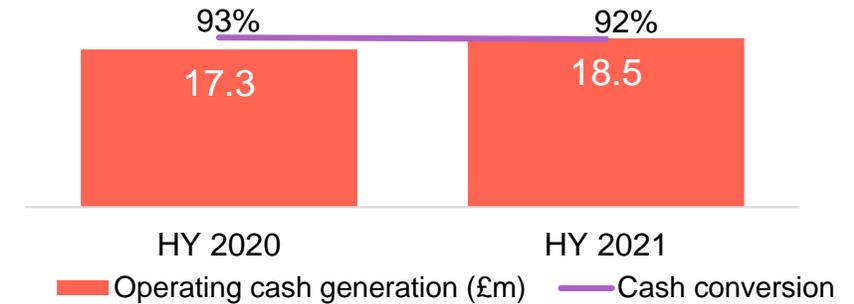
- Debtor days decreased from 34 days to 33 days
- Creditor days increased to 25 days from 24 days
- Contingent consideration of £9.5m due to be paid by 31 January 2022
- No debt; cash balance of £27.5m as at 31 January 2021

|                                | 31 Jan 2021<br>£m | 31 Jan 2020<br>£m |
|--------------------------------|-------------------|-------------------|
| <b>Non-current Assets</b>      |                   |                   |
| Goodwill                       | 60.2              | 63.6              |
| Other intangible assets        | 27.2              | 19.0              |
| Other non-current assets       | 28.0              | 22.0              |
| <b>Total</b>                   | <b>115.4</b>      | <b>104.6</b>      |
| <b>Current Assets</b>          |                   |                   |
| Trade and other receivables    | 37.1              | 31.9              |
| Cash                           | 27.5              | 27.2              |
| Current tax assets             | 0.7               | 2.4               |
| <b>Total</b>                   | <b>65.3</b>       | <b>61.5</b>       |
| <b>Current Liabilities</b>     |                   |                   |
| Trade and other payables       | 36.0              | 36.4              |
| Contingent consideration       | 9.5               | 1.6               |
| Provisions                     | 8.2               | 5.5               |
| Other current liabilities      | 3.3               | 3.5               |
| <b>Total</b>                   | <b>57.0</b>       | <b>47.0</b>       |
| <b>Non-Current Liabilities</b> |                   |                   |
| Contingent consideration       | -                 | 2.3               |
| Long term lease liabilities    | 10.9              | 7.3               |
| Other non-current liabilities  | 6.4               | 6.5               |
| <b>Total</b>                   | <b>17.3</b>       | <b>16.1</b>       |
| <b>Net Assets</b>              | <b>106.4</b>      | <b>103.0</b>      |

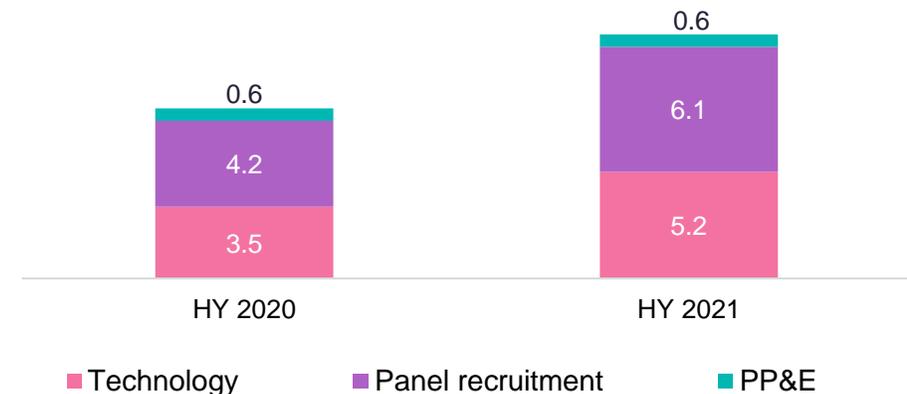
# Cash Flow

- Steady generation of cash from operations at £18.5m; 92% of adjusted EBITDA
  - Stable cash conversion as the business remains highly cash generative enabling continued investments for growth
- Higher cash outflow from investing activities includes:
  - £6.1m on panel recruitment as we establish and further develop panel globally
  - £5.2m on technology development related to new products, the YouGov platform and our websites and mobile applications
- Financing outflow includes £5.5m on dividend payments and £2.2m on purchase of own shares
- Net cash outflow since 31 July 2020 of £7.3m
- Cash balance at end of period £27.5m (31 January 2020: £27.2m)

## Cash generation and conversion



## Capital Expenditures (£m)





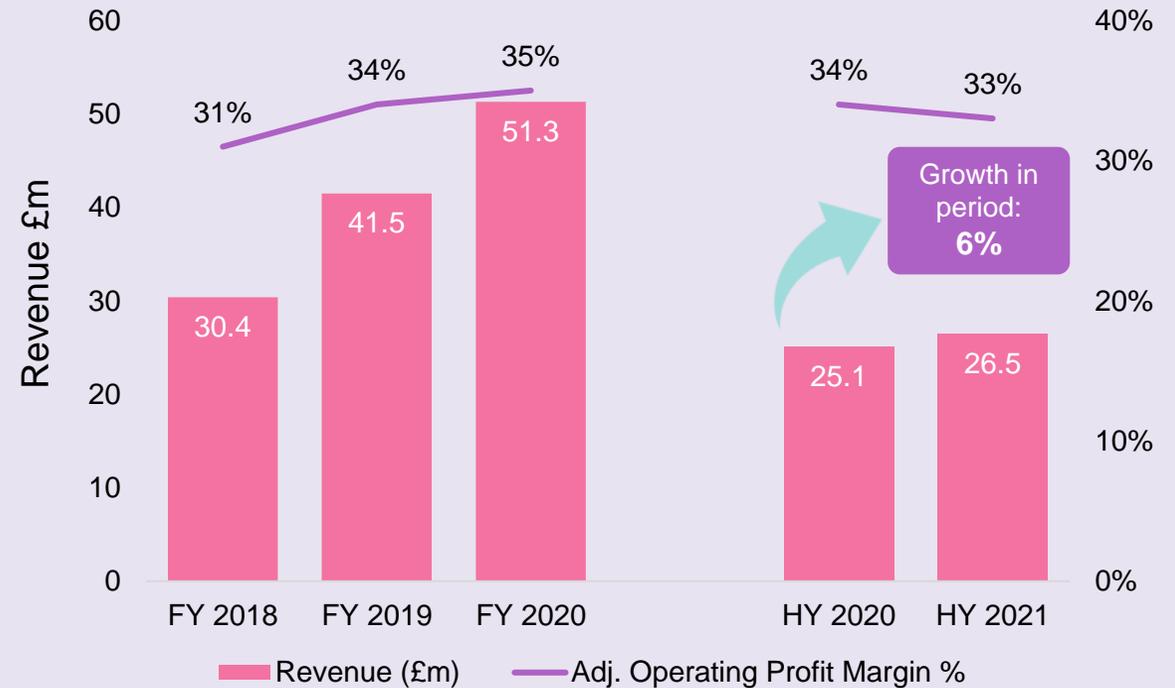
# Operational Updates

Sundip Chahal, COO

# YouGov DataProducts

YouGov's Data Products division is comprised of our syndicated data products suite including YouGov BrandIndex and YouGov Profiles as well as newer sector specific offerings such as YouGov SportsIndex and YouGov DestinationIndex.

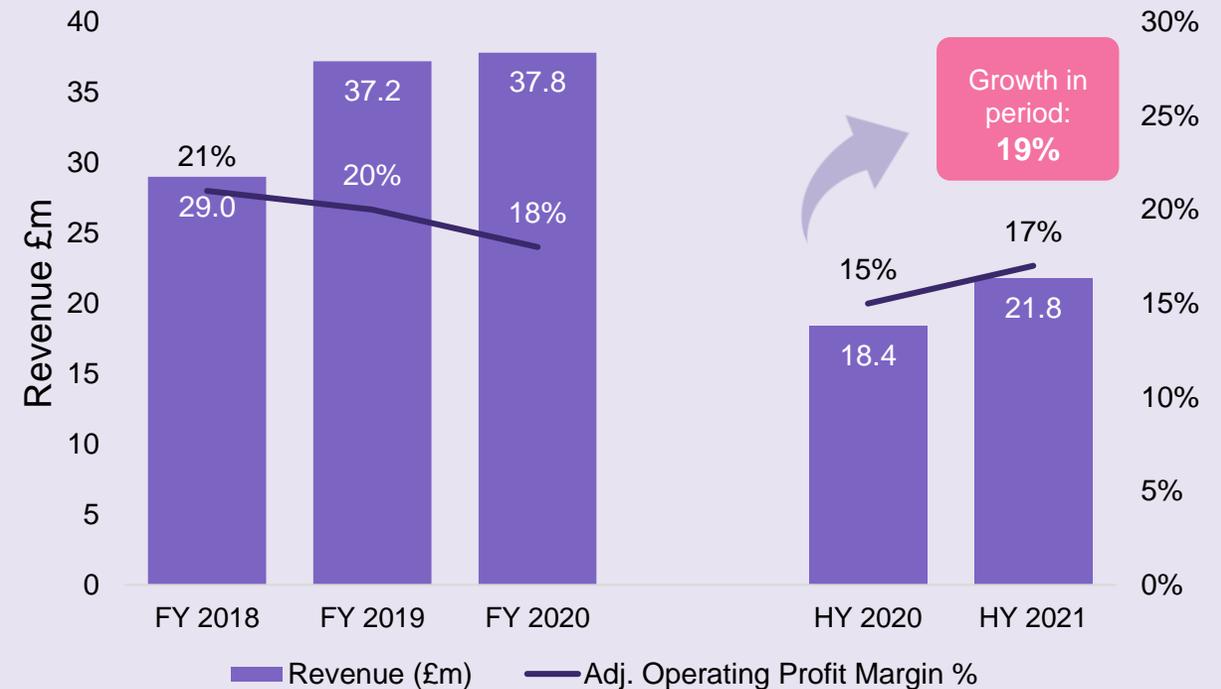
- All geographies contributed to growth in the period
- Implemented a new account management structure as planned to achieve our current strategic growth plan
- Performance was more moderate as the reshuffle shifted contract wins into the latter half of the period
- Strong sales pipeline for syndicated Data Products augmented by long-term custom trackers
- Slight decline in divisional margin as a result of lower operational leverage



# YouGov DataServices

Our Data Services division consists of our fast-turnaround research services, including our market-leading YouGov Omnibus.

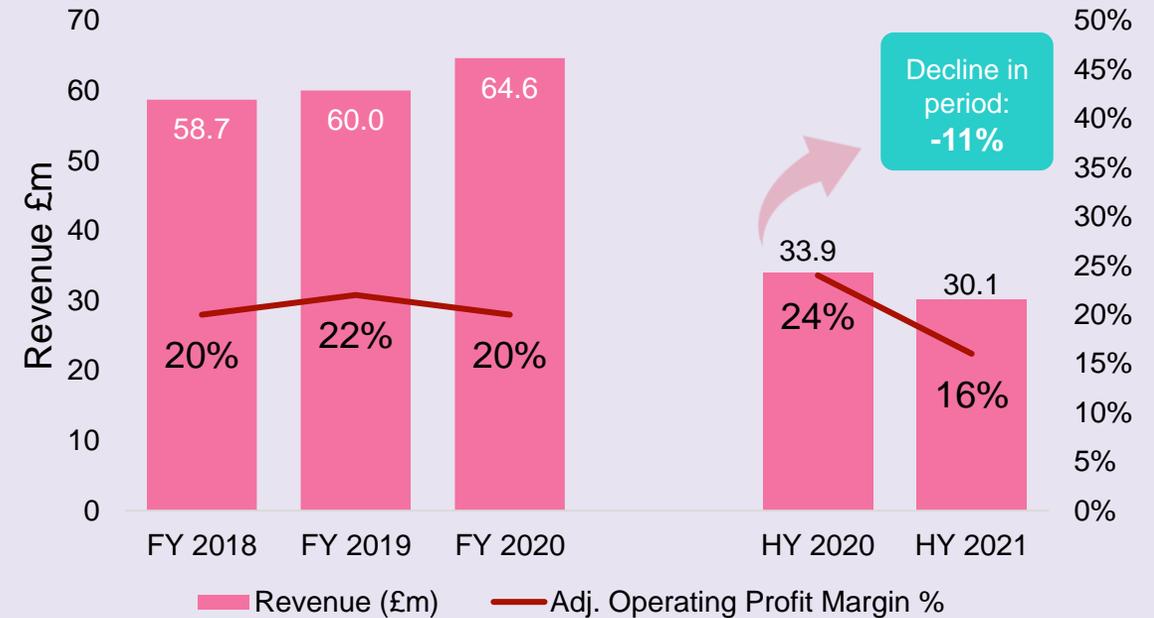
- Strong growth was seen across most regions as pent-up demand for fast-turnaround tactical project work was released
  - Mainland Europe returned to double digit growth
  - US saw stellar growth in the period, up 33% on a reported basis
  - Asia Pacific saw strong growth as well as the COVID-19 situation was largely stable in the region
- Margin in the division improved to 17% on the back of strong revenue growth and increased efficiencies in the research process



# YouGov CustomResearch

YouGov's Custom Research division offers a wide range of quantitative and qualitative research, including substantial global trackers, that is tailored by sector specialist teams to meet clients' specific requirements

- Mainland Europe saw strong growth following contract wins in the prior year that adopted a regional approach to our Cube-aligned tracking projects
- Performance in the period has been impacted by the planned closure of the Kurdistan business in the prior year
- The US saw stable growth on the back of election work while the UK was flat due to the reshuffle in sales structure
- Planned closure of the Kurdistan business accounted for half of the margin decline in the division while subdued top-line growth on an underlying<sup>1</sup> basis lowered ability to absorb central cost allocations



# Progress made on strategic priorities in the period

|   |  |  |   |
|---|--|--|---|
|    | <b>Expansion of our panel</b>                              | <ul style="list-style-type: none"><li>• Global expansion into 15 new markets across Europe, South America, the Middle East and North Africa</li><li>• Developed plan to unify our member base for a simpler, more rewarding panellist experience</li></ul>   |    |
|    | <b>Investment in technology, products and platform</b>     | <ul style="list-style-type: none"><li>• Launched YouGov Direct in two new markets and developed YouGov Safe</li><li>• Commenced back-end integration of our products and tools to develop a single YouGov platform</li><li>• Launched our new B2B website structured along our key sectors</li></ul> |    |
|    | <b>Efficiency through CenX model</b>                       | <ul style="list-style-type: none"><li>• Stepped up recruitment in Mumbai and Bangalore CenXs to further expand their role and extract more cost savings</li></ul>  |    |
|   | <b>Focus on sales organisation and key global accounts</b> | <ul style="list-style-type: none"><li>• Completed the shift to a client-centric sales structure in the US, UK, Europe leading to large strategic project wins using our connected data proposition</li></ul>   |   |
|  | <b>Acquiring and integrating bolt-on acquisitions</b>      | <ul style="list-style-type: none"><li>• Completed acquisition of Wizsight, a Turkish online-focussed research agency</li><li>• Announced the acquisition of Charlton Insights, a Canadian sports research firm</li></ul>   |  |



# Strategic Update and Outlook

Stephan Shakespeare, *CEO*

## Unlocking verified online behavioral data while rewarding our members

YouGov Safe is the latest enhancement to the YouGov connected data ecosystem, strengthening self-reported panellist survey data with verified online behavior for truly unique 360-degree consumer intelligence. It is a fully opted-in cross-device tracker of online behavioral data including streaming, gaming, shopping, search and more. Designed in response to GDPR/CCPA regulations, it boosts our ESG commitment to pioneering data privacy and control for citizens.



### Connected data

Integrated with existing YouGov data products and cross-references reported opinions with verified consumer actions



### Granular ad targeting & re-contacts

Enables seed marketing on a granular level to a hyper-targeted audience



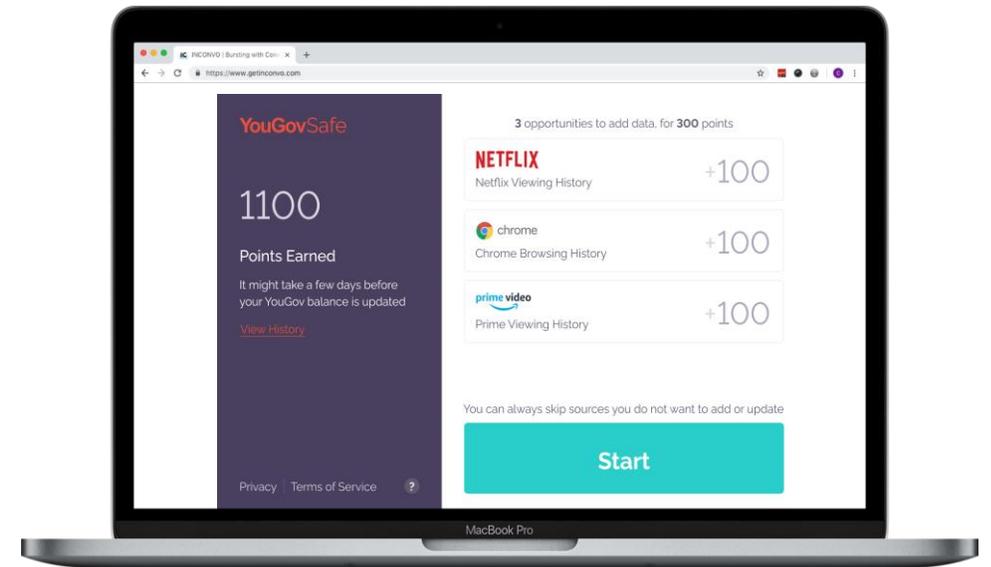
### Reach & reward

Provides access to our highly engaged and expanding global panel of fully opted-in users in 22 countries



### Powerful data analysis

Results available in our easy-to-use data tools, YouGov Profiles and YouGov Signal, with ability to design a customized research project



# Long-term growth targets

We believe our progress thus far this year, our operational resilience, and our flow of innovations, keeps us on-plan for meeting the ambitious targets of our 2019-23 growth plan:

**1**

Double Group Revenue

**2**

Double Group Adjusted Operating Profit<sup>1</sup> Margin

**3**

Achieve an Adjusted Earnings Per Share<sup>2</sup> compound annual growth rate in excess of 30%

# Current Trading and Outlook

- Trading in the second half is off to a good start with a strong sales pipeline weighted towards the second half of the financial year
  - Current trading in line with Board expectations for the full year
  - Strong balance sheet enabling further investment in our strategic initiatives, technology and panels
  - Resilient business model, especially in light of unprecedented headwinds over the past twelve months
  - Remain confident of meeting our long-term targets
- Continue to see no material impact to date from the COVID-19 pandemic
  - Extensive measures to ensure the safety of our employees and phased our return-to-office plans maintained
  - No employees furloughed or government support needed
  - Clients increasingly expect their marketing budgets to deliver better return on investment which bodes well for our data-driven research approach
  - Investment in strategic areas continued through sufficient cash reserves with no debt balances

**Thank you**

**YouGov<sup>®</sup>**

