

# YUUGOV PLC

Strong revenue performance -  
investing to support growth



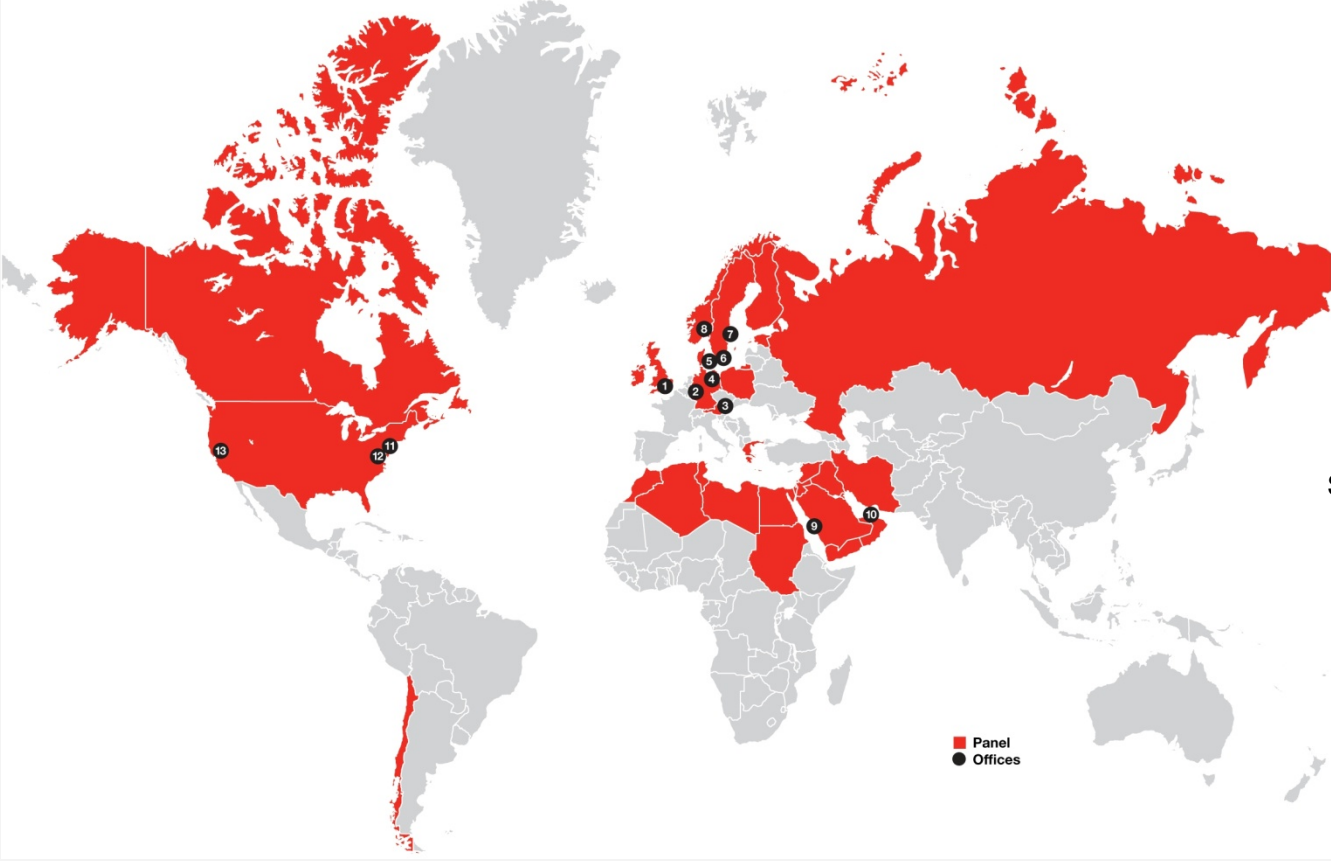
**Full Year Announcement 2007/08**

**October 2008**

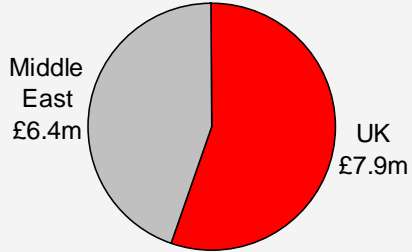
# Operational overview

- Organic revenue growth 38% in UK and Middle Eastern businesses. Proforma organic growth of acquired businesses 28%
- Three acquisitions completed in Germany, Scandinavia and USA - have enlarged our global reach allowing us to deliver EMEA and North American research to global clients
- Transaction enlarged research panels, widened client base and expanded products
- Integration of businesses yielding benefits through roll-out of products, technology and research methods
- Investment in new sector specialist teams
  - Winning strategic projects from leading clients
  - Future product development opportunities
- The strategic, value add research we provide continues to deliver higher margins than traditional offline market research agencies

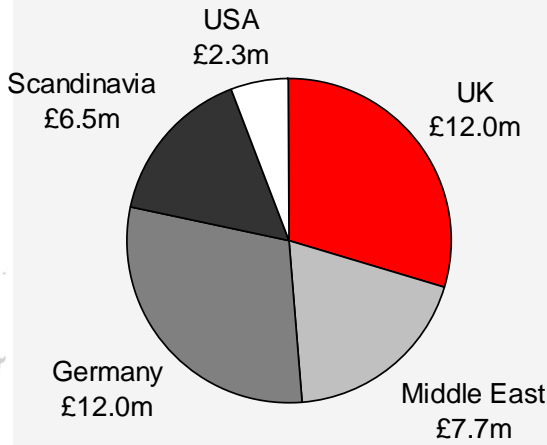
# We are now a global player...



2006/07 Revenue £14.3m

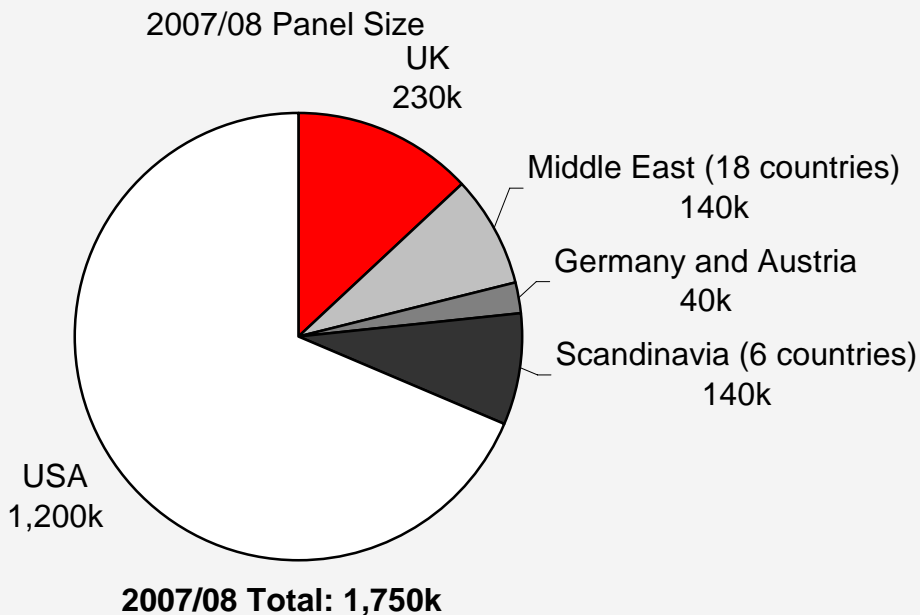
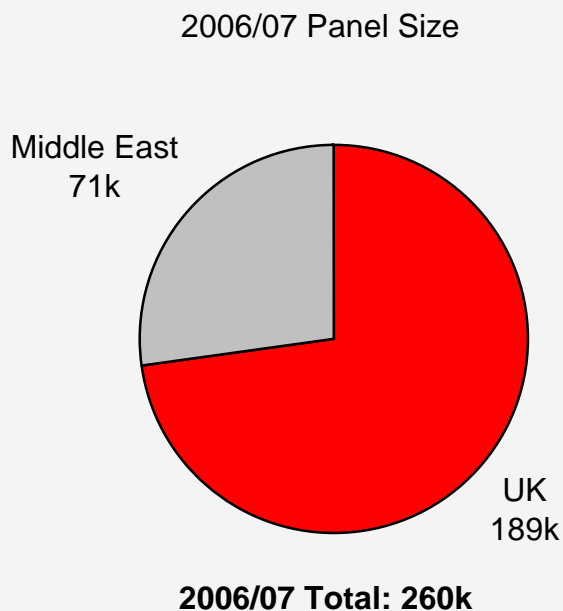


2007/08 Revenue £40.4m



.... with improved geographical balance and better opportunities for YouGov products

# Panels in over 30 countries revealing “what the world thinks”



New panels in development in 08/09:

- Chile (planned Joint Venture)
- Greece (Joint Venture)
- Russia (managed in UK)

# A number of challenges dealt with...

- Companies reached revenue targets but the complexity of managing our cost base increased
- Insufficient robust financial management processes to enable us to monitor the overall impact on profitability of these investments at local level
- Management team strengthened and steps taken to establish better financial management
- Invested in people, technology and panels across all group companies to support future growth

# Highlights of revenue growth

- Revenue has increased due to acquisitions and organic growth
- UK: New sector teams, higher volumes in Data Services
- Middle East: Growth in qualitative offering and development of regional quantitative offering, geographic expansion into Saudi Arabia
- Germany: Building the online capability. Strong in health care, insurance, banking and employee research
- Scandinavia: Growth in Norway and Sweden. Broadening customer base, high project volumes, media is a key sector
- USA: Launch of BrandIndex, +100% growth rates in data services, public affairs & academic teams

*“Winning market share”*

# Segmental analysis

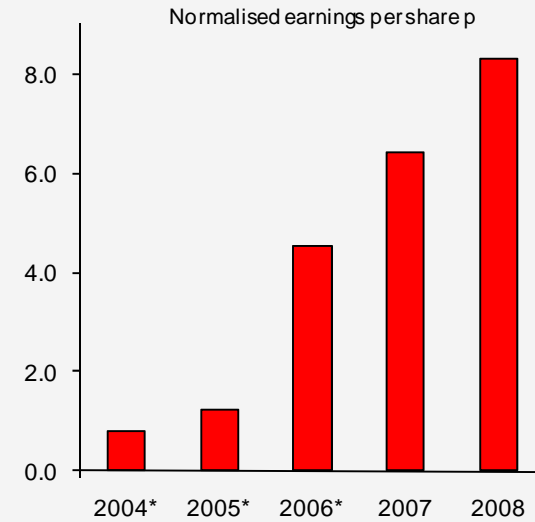
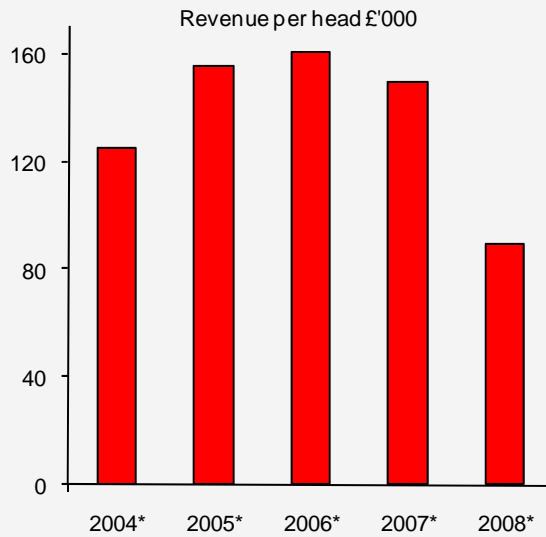
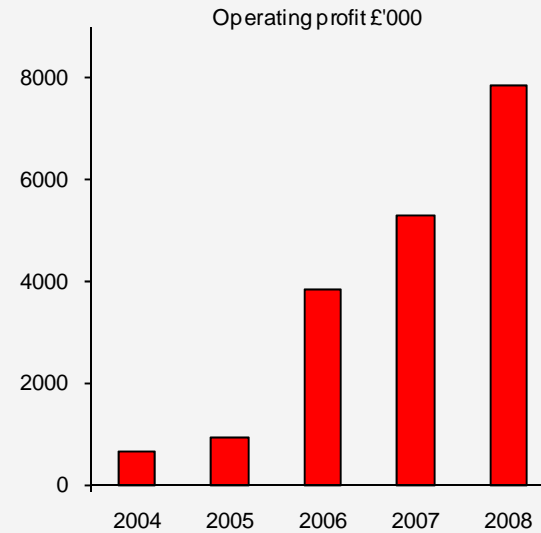
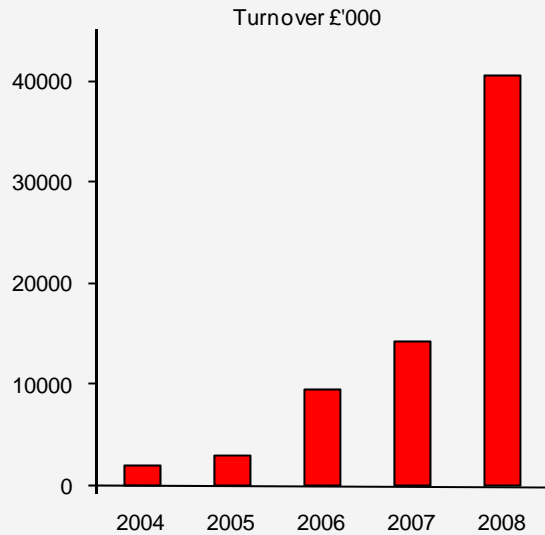
	Revenue £m	Revenue growth %	Operating profit £m	Operating margin
<b>UK</b>	<b>12.6</b>	<b>52%</b>	<b>3.9</b>	<b>32%</b>
<b>Middle East</b>	<b>7.7</b>	<b>18%</b>	<b>3.8</b>	<b>49%</b>
<b>Scandinavia</b>	<b>6.5</b>	<b>44%*</b>	<b>1.0</b>	<b>15%</b>
<b>Germany</b>	<b>12.0</b>	<b>13%*</b>	<b>0.7</b>	<b>6%</b>
<b>USA</b>	<b>2.8</b>	<b>89%*</b>	<b>-0.1</b>	<b>-4%</b>

<b>Group</b>	<b>40.4</b>	<b>183%</b>	<b>8.7**</b>	<b>22%</b>
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\*Proforma revenue growth

\*\*Normalised operating profit

# Financial overview



\*Based on year end headcount

\*Restated for the 5:1 share split on 10 April 2007



# Group P&L

- Turnover up 183% to £40.4m (£14.3m 2007)
- 38% of revenue growth is organic
- Gross margin increased from 81.8% to 82.7%
- Group operating margin of 20% (2007: 39%) reflects margin in acquired businesses and continued investment
- Exceptional items of £1.2m relate to aborted transaction fees
- Normalised operating profit in the period was £8.7m, a 55% increase from £5.6m last year
- Normalised EPS grew 30% from 6.4p to 8.3p
- Headcount increased from 96 to 452 through acquisitions and investment in research teams
- First annual results prepared under International Financial Reporting Standards (IFRS)

	<b>2007/08</b>	2006/07
	<b>£'m</b>	£'m
<b>Group revenue</b>	<b>40.4</b>	14.3
Cost of sales	<b>(7.0)</b>	(2.6)
<b>Gross profit</b>	<b>33.4</b>	11.7
Operating expenses	<b>(25.5)</b>	(6.1)
<b>Group operating profit</b>	<b>7.9</b>	5.6
<b>Normalised operating profit</b>	<b>8.7</b>	5.6
<b>Basic EPS</b>	<b>4.9</b>	6.2
<b>Normalised EPS</b>	<b>8.3</b>	6.4

# Investment to support and drive further growth

- A number of investments were made in the year totalling £2m
  - Sector specialist teams in UK and USA
  - Expansion in to Eastern Europe and Berlin
  - Geographical expansion in Scandinavia
  - Global IT development team and data centres
  - Establishing Saudi Arabian office
  - Group integration and product roll-out
  - Commercial benefits starting to come through
- Investment in 2008/09 will include the following:
  - Targeted recruitment to support new revenue areas
  - Continued development of integrated IT platform
  - Group marketing & re-branding

# Balance sheet

- Reflects acquisitions
- Strong financial position
- Cash balances are healthy: £13.4m

	31-Jul-08 £'m	31-Jul-07 £'m
<b>Assets</b>		
<b>Non current assets</b>		
Goodwill	33.5	1.1
Intangible assets	17.1	0.3
Other non current assets	4.0	5.1
<b>Total non current assets</b>	<b>54.6</b>	6.5
<b>Current Assets</b>		
Trade & other receivables	17.2	5.7
Cash & cash equivalents	13.5	4.1
<b>Total current assets</b>	<b>30.7</b>	9.8
<b>Total assets</b>	<b>85.3</b>	16.2
<b>Liabilities</b>		
<b>Total current liabilities</b>	<b>19.6</b>	3.6
<b>Net current assets / liabilities</b>	<b>11.1</b>	6.1
<b>Total non current liabilities</b>	<b>6.0</b>	0.4
<b>Total liabilities</b>	<b>25.7</b>	4.0
<b>Total net assets</b>	<b>59.6</b>	12.2

# Cash flow

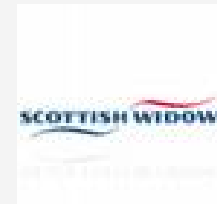
- Cash flow from operating activities £3.1m
- Debtor days at 31 July 2008 were 88 days (2007: 104), significant collections post balance sheet
- £19.3m of cash was spent on acquisitions and tangible assets, funded by a share placing which raised £26.2m

	31-Jul 2008 £'m	31-Jul 2007 £'m
<b>Cash flows from operating activities</b>		
Profit after taxation	5.3	5.0
Adjustments for:		
Non cash movements	2.3	0.5
Net working capital movement	(4.4)	(0.7)
<b>Cash generated from operations</b>	3.1	4.8
<b>Net cash generated from operating activities</b>	2.4	3.8
<b>Net cash used in investing activities</b>	(19.3)	(5.1)
<b>Net cash generated from financing activities</b>	26.4	0.1
<b>Net increase/(decrease) in cash</b>	9.5	(1.1)
Cash and cash equivalents at beginning of year	4.1	5.5
Exchange loss on cash and cash equivalents	(0.1)	(0.4)
<b>Cash, cash equivalents and overdrafts at end of year</b>	13.4	4.1

# UK - operational review

	2006/07 £m	2007/08 £m	Growth
Revenue	8.3	12.6	52%
Operating profit	3.5	3.9	11%

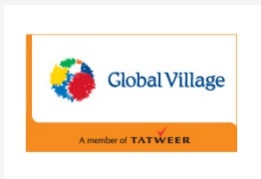
- Introduced sector specialist teams (“YouGov Consulting”) to support clients’ strategic market research needs - helping to build our recurring income stream
- Winning large projects with blue chip clients
- London mayoral election further cemented YouGov’s reputation for accuracy
- Data Services offering has continued to go from strength to strength, new Omnibus products launched and BrandIndex continues to be a core product of the group
- YouGovStone conducted a series of very high profile projects in conjunction with The Evening Standard, SABMiller, the US Embassy and Unilever
- YouGovCentaur continuing to build B2B capabilities
- Opportunity to increase the traction achieved by the sector teams and roll out syndicated products



# Middle East – operational review

	2006/07 £m	2007/08 £m	Growth
Revenue	6.5	7.7	18%
Operating profit	3.6	3.8	6%

- Continued to grow its qualitative research and developed its quantitative capabilities
- Expanded its research capabilities across the region, including establishing a new office in Saudi Arabia
- Middle East online panel doubled in size and now includes panelists in almost every country in the region
- Development work for the rollout of BrandIndex currently underway
- Expanding our research offering across the region, particularly in Saudi Arabia



# Scandinavia – operational review

	2007/08 £m
Revenue	<u>6.5</u>
Operating profit	<u><u>1.0</u></u>

- Scandinavia is a natural market for YouGov, with among the highest levels of broadband internet penetration in the world
- Infrastructure in place through which to roll out YouGov's products regionally
- Online panels across Scandinavia, Poland and Estonia
- New office in Finland
- Sales teams have worked with Group development teams to launch BrandIndex regionally
- Management team strengthened with the addition of new CEO and CFO
- Opportunity to expand service offering within Northern Europe, particularly Finland and Poland

BERLINGSKE  
MEDIA

Scandic

TeliaSonera



SAS

# Germany – operational review

	2007/08 £m
Revenue	12.0
Operating profit	<u>0.7</u>

- Substantial base of blue chip client relationships with expertise in sectors such as financial services, insurance and healthcare
- Growing online offering with online panels in Germany and Austria (40,000 panelists)
- Profitability lower than expected - difficulties in forecasting and controlling costs which have now been addressed
- Strong custom research offering structured along similar sectors as the UK; collaboration has begun to yield pan-European project revenues
- Predominantly offline - moving more of its research online and rolling out YouGov's data services products (BrandIndex, Omnibus and PeopleIndex)





# USA – operational review

	2007/08 £m
Revenue	<u>2.8</u>
Operating profit	<u>(0.1)</u>

- Polimetrix is at an early stage of commercial development
- Brings leading edge survey technology which is rolling out across the Group as well as the asset of a large US online panel
- Strength in political polling provides a platform for brand extension. Work for CBS and The Economist on the 2008 US Presidential election
- The core market research offering of data services, public affairs and academic research achieved growth of over 100%
- Team focused on widening its research offering and product development, hiring a number of senior people to strengthen the market research and product teams
- New office and sales team based in New York
- Opportunity to expand research offering, establish traction with YouGov products and establish brand



**Economist.com**

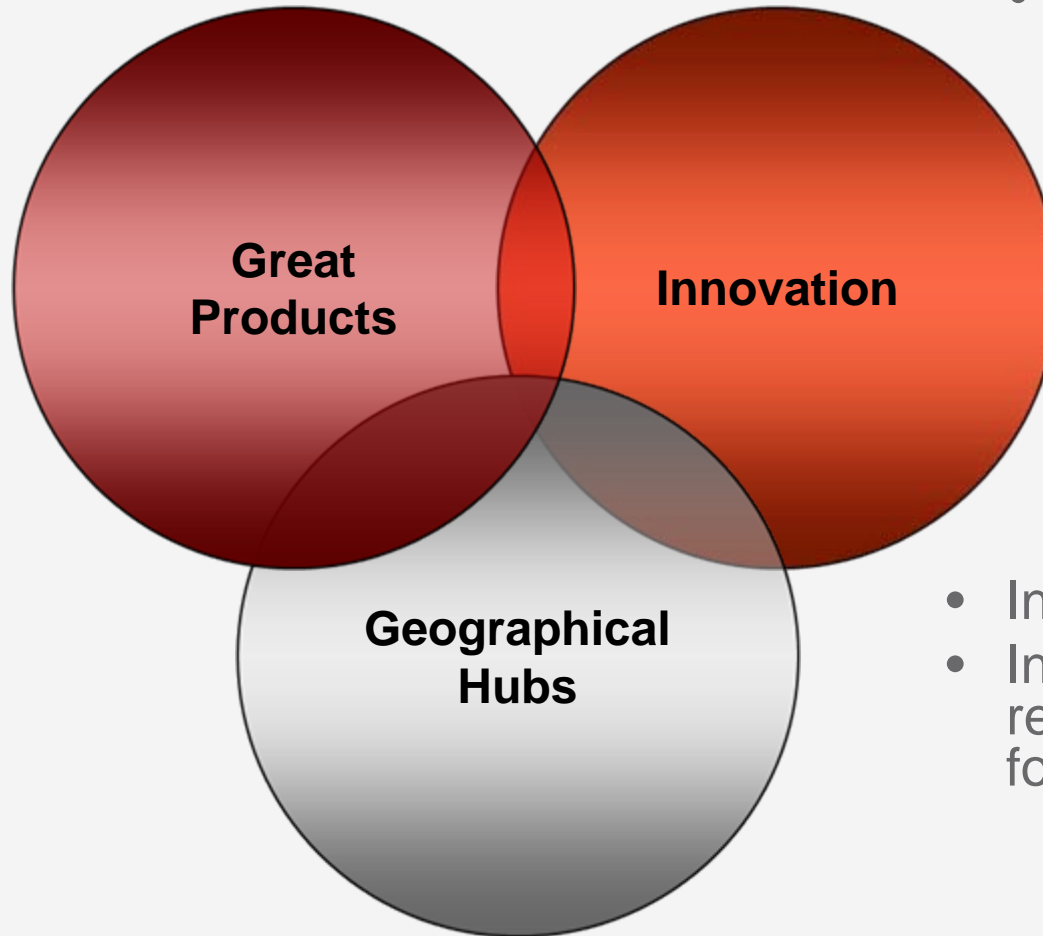


# New ventures were established

- YouGovAlpha launched - market research agency with services tailored to the specific needs of fund managers and investment professionals
- YouGovAlpha Fund: joint venture with Numis and Four Capital Partners to form a hedge fund to exploit investment opportunities identified using our proprietary real time research capability. Prevailing financial market conditions were not conducive to the launch of this fund and we have agreed to disband the joint venture
- Following year end first international partnerships in Turkey and Greece.
  - Turkey - following a successful trial with Estima, a well respected agency, the company has been awarded a BrandIndex license
  - Greece - YouGov has set up YouGovHellas, a joint venture with XCathedra SA Ltd, who's owners are the principal shareholders of BoldOgilvy Group – the largest advertising agency group in Greece, in which it will own 51%

# Innovation is core to our business

- BrandIndex and Omnibus rolled out
- New products developed with sector specialists



- Technologists in USA and UK enhancing products and survey platforms

- Increased footprint
- International research offering for clients

# Product roll out at 31 July 2007

	Pre Acquisition – YouGov		Additional scale provided by acquisitions		
	UK	Middle East	Germany	Scandinavia	USA
BrandIndex	✓	(✓)			(✓)
Omnibus	✓	✓			(✓)
Quantitative	✓	✓	✓	✓	✓
Qualitative	(✓)	✓	✓	✓	✓
Sector Specialisms	(✓)		✓		

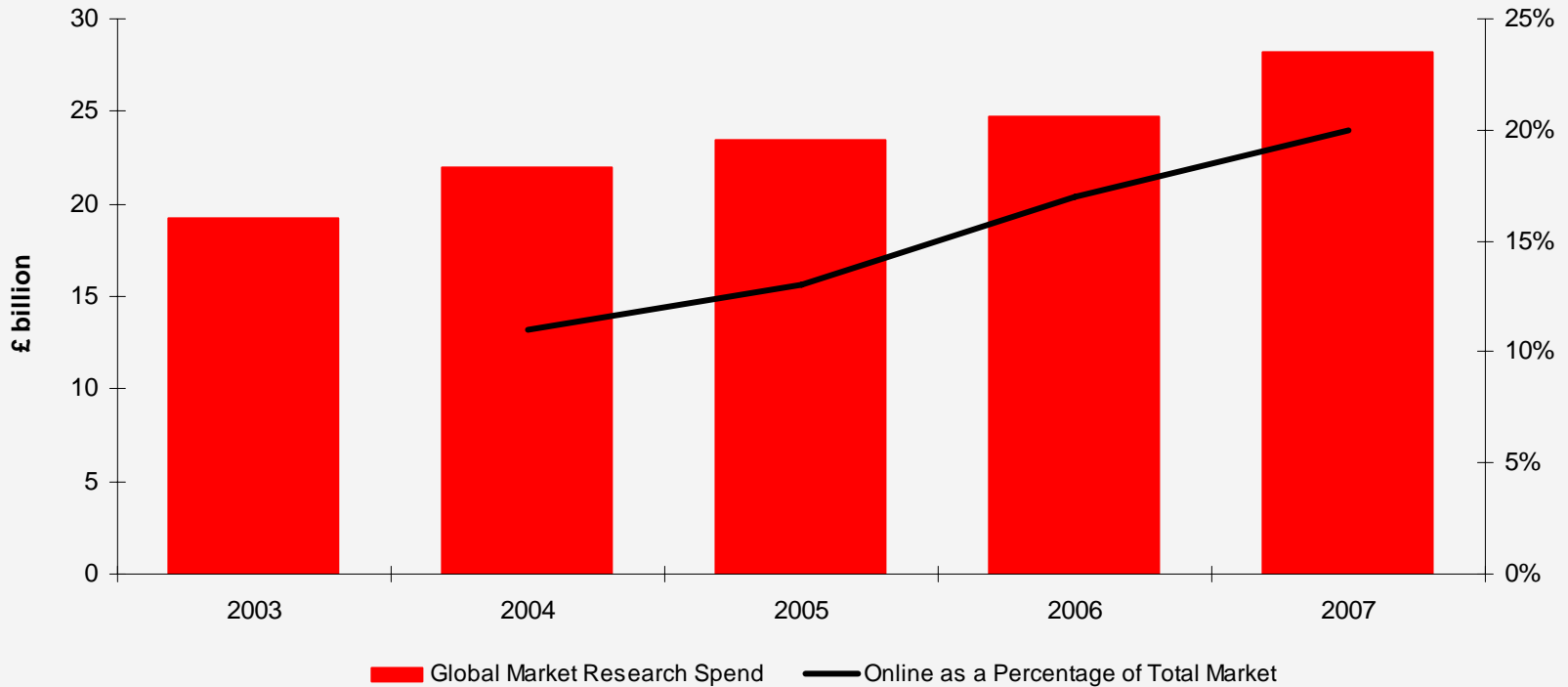
- Operational
- Development phase
- Planning phase

# Products – good progress in rolling out existing products

	UK	Middle East	Germany	Scandinavia	USA
BrandIndex	✓	(✓)	✓	✓	✓
Omnibus	✓	✓	✓	(✓)	✓
Quantitative	✓	✓	✓	✓	✓
Qualitative	✓	✓	✓	✓	✓
Sector Specialisms	✓	(✓)	✓		(✓)

- Operational
- Development phase
- Planning phase

# Market dynamics



Source: Esomar

- General market trends remain favourable
- The online market research market is expected to grow by 21% in 2008 to \$4.3bn (Source: Inside Research Mar 2008)

# Group fundamentals remain the same

- Online is a growth area
- YouGov remains unique
- Brand and reputation higher than ever
- Opportunity to be the global brand for what people think
- Higher margin business than most online or offline competition
- Innovation - next step, the YouGov screen

# Group strategy

- The Group's strategy in 2008/9 continues to be to grow revenue, invest in the business and increase market share
- Sector specialist teams developing new higher margin data products and services
- Network of hubs supported by a global technology platform
- Delivering global products from a global panel
- Prudent approach to investment



# Current trading and Group outlook

- Momentum continues and Board expects to deliver good organic revenue growth
- Ongoing investment to support future growth and benefit from market opportunities
- Steps already taken to ensure better management and financial controls across the Group
- Leverage scale of the enlarged group - benefits of acquisitions coming through
- Strong financial position - £13.4m of cash on balance sheet
- Growth in online market research continues - YouGov set to continue to win market share
- Prospects remain good but taking conservative approach to current year

# Appendix

# YouGov's margins compare well with traditional full service agencies and online sample providers

	<b>Operating Margin</b>
<b>Full service agencies</b>	
Gfk	13.7%
Ipsos	9.8%
TNS	10.0%
Brainjuicer	12.5%
Harris Interactive	1.75%
<b>Online panel providers</b>	
Toluna	24.3%
Greenfield online	14.1%
Research Now	9.5%
<b>Web measurement/analytics</b>	
Omniure	-9.3%
ComScore	12.2%
<b>YouGov normalised operating margin</b>	<b>21.5%</b>

Source: Bloomberg: Competitor operating margins are based on latest filed accounts