

9 January 2014



## **YouGov plc**

**("YouGov" or "the Company")**

### **Acquisition of Decision Fuel extends YouGov's presence to China and S.E. Asia**

YouGov plc, the international online market research agency, is pleased to announce the acquisition of 100% of Decision Fuel ("DF"). This acquisition is consistent with YouGov's strategy of extending its reach to emerging markets. DF will enable YouGov to provide a full service offer in the growth markets of China and South East Asia to meet client demand for opinion data from this region. DF's mobile technology will also enhance YouGov's ability to conduct research among consumers who do not have access to fixed-line internet or smartphones.

DF is a market research and technology company whose objective is to provide fast, high-quality research to the Asian market using online and especially, mobile-based, technology to reach consumers across the region.

DF has offices in Hong Kong, Shanghai and Singapore and its own proprietary platform for mobile-based research. DF was set-up in 2011 by two experienced buyers of research in the Asian region: Patrick Corr, formerly a senior executive with Star TV, the Asian TV network and strategy firm Monitor, and Colin Marson, a former senior executive with Cerebos (part of Suntory) and strategy firm, Monitor. They will both continue to lead the business after it becomes part of the YouGov group. DF's non-executive chairman is Adrian Chedore, the founder and former CEO of Synovate. Further funding since the company's launch has been provided by a group of angel investors from the region.

DF's business operates across Asia, conducting single and multi-country projects primarily in China and South-East Asia. It has already built a consumer panel of 60,000 across five countries where it offers an Omnibus style service. Clients to date include global brands and media agencies. DF currently has 14 staff most of whom are based in its Hong Kong base with business development teams located in Singapore and Shanghai. DF is licensed to operate in China through a WOFE ("wholly owned foreign enterprise")

Following completion, DF will immediately adopt the YouGov brand and its integration will be overseen by YouGov's Middle East management team, based in Dubai, which is managing the Group's expansion to emerging markets.

The initial purchase consideration payable for DF will be £0.6 million with additional earn-out payments to be made dependent on the performance of the business in the two financial years ended 31 July 2016 and 2017. The acquisition is expected to result in a small additional cost in FY 2014 and to make a positive contribution in FY15. The total purchase consideration based on the YouGov business plan for DF is expected to be approximately £5 million.

## **Benefits of the acquisition**

The YouGov Board believes that the benefits of this acquisition include:

- Acceleration of the Group's planned expansion of operations into the strategically important China and S.E. Asia region through an existing corporate, commercial and office infrastructure
- A mobile technology platform which is especially useful in areas where smartphone penetration is still low which can also be applied in other markets (e.g. Middle East);
- An entrepreneurial team whose culture and strategy fit well with YouGov and which will facilitate the achievement of the Group's objective to grow a data products and research services business in the China and S.E. Asia region

## **Background to and reasons for the Acquisition**

As previously announced, it is a strategic priority for YouGov to expand its geographic footprint to key emerging markets in order to support the needs of our clients. Early in 2013, YouGov set up its first panel of Chinese consumers which has enabled it to launch a Chinese version of BrandIndex. The establishment of a local China and SE Asia operation will greatly facilitate the development of a significant regional business and this acquisition provides a fast-track means of doing this as well as access to useful mobile technology. Although DF is still at an early development stage, it has already set up a local infrastructure (including appropriate licences) in the three key commercial centres in the region which in themselves will accelerate YouGov's ability to grow revenue there. DF also brings capabilities in terms of sales and research skills and resources, panel development and mobile technology that fit well with YouGov's requirements and strategy for developing a regional business focussed around its global data products and services: initially BrandIndex and Omnibus and others in due course.

## **Details of the transaction terms**

The total purchase consideration payable for DF will be the sum of 6 times the EBITDA achieved by DF for the financial year ended 31 July 2016 and 2 times the EBITDA achieved for the financial year ended 31 July 2017. The EBITDA base to be used for FY 2017 is subject to a cap in that it may not exceed 150% of the FY 2016 EBITDA. An initial payment of US\$ 1 million will be paid on completion to a group of minority shareholders who are not involved in the management of the business. This will be deducted from any future earn-out payments. The earn-out payments may be satisfied at YouGov's option by cash or the issue of YouGov shares or a combination of the two. Based on YouGov's business plans for DF, it currently expects the total consideration to be approximately £5 million. A maximum cap for contractual purposes has been set at £18 million.

In the year ended March 2013, DF made a loss of £460,000 before interest, depreciation and amortisation and had gross assets of £300,000 as at 31 March 2013.

## **Commenting on the acquisition, Stephan Shakespeare, CEO of YouGov, said:**

"This acquisition meets our strategic objectives to increase further YouGov's presence in high-growth markets. Decision Fuel will help us to expand our Group's business rapidly in

the vital China and SE Asia markets that our clients are already asking us to serve. Decision Fuel's mobile technology will also allow us to develop our mobile offering. We are very pleased to add Decision Fuel to our growing global network."

**Patrick Corr, Co-Founder of Decision Fuel, commented:**

"Decision Fuel and YouGov share a vision for creating a research business driven by smart, scalable technology platforms, including mobile, that deliver powerful consumer data on tap and in virtually any location around the globe."

**Colin Marson, Co-Founder of Decision Fuel, added:**

"Becoming part of YouGov gives Decision Fuel access to an enviable global profile and a cutting edge product suite tailor made for the dynamic growth markets of Asia. We are excited at the prospect of combining forces and developing a winning proposition for Asia and beyond."

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**About YouGov plc**

YouGov is an international, full-service research company which is considered the pioneer of market research through online methods. It has operations in UK, US, France, Germany, Nordics and the Middle East. YouGov's suite of syndicated proprietary products includes: BrandIndex, the daily brand perception tracker; SoMA, the social media audience analysis tool; and reports which provide comprehensive market intelligence on a range of sectors. The market-leading YouGov Omnibus provides a fast and cost-effective service for obtaining answers to research questions from both national and selected samples. YouGov's custom research business conducts a wide range of quantitative and qualitative research, tailored by its specialist teams to meet our clients' specific requirements.

For further information visit <http://research.yougov.co.uk/about/investor-relations>