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**THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION FOR THE PURPOSES OF ARTICLE 7 OF REGULATION 596/2014 AS IT FORMS PART OF UK DOMESTIC LAW BY VIRTUE OF THE EUROPEAN UNION (WITHDRAWAL) ACT 2018, AS AMENDED ("MAR").**

**06 July 2023**

**YouGov plc**

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

**YouGov to acquire GfK's Consumer Panel Business**

*Extends YouGov's Offering with Established Leader in European Household FMCG Consumer Insights  
Accelerating our strategic vision outlined at the Capital Markets Day  
Delivering mid-teens EPS accretion in the first full year of ownership*

YouGov plc (AIM: YOU) ("YouGov"), the international market research and data analytics group, today announces the acquisition of the Consumer Panel Business of GfK SE (the "Consumer Panel Business") for a headline purchase price of €315 million (the "Acquisition").

GfK's Consumer Panel Business is an established leader in household purchase data, with panels across 16 European countries, consisting of over 100,000 households. The Consumer Panel Business extends the Company's offering into the FMCG sector, with its high intensity users of market research, and provides an opportunity to significantly enhance the Group's offering to US clients. The Consumer Panel Business will strengthen the Group's customer value proposition and add highly engaged panellists in Europe, complementary capabilities, and longstanding relationships with blue chip clients, helping to accelerate the Group's strategic vision outlined at the YouGov Capital Markets Day on 17 May 2023.

YouGov will fund the Acquisition through an equity placing of new ordinary shares expected to raise gross proceeds of approximately £55 million (representing approximately 4.9% of YouGov's issued share capital), with the remainder of the cash consideration financed by a fully committed bridge debt facility and existing cash on balance sheet. The terms of the placing were announced separately today.

The Acquisition is subject to customary closing conditions including any necessary regulatory approvals and works' council consultations in certain jurisdictions. Completion is expected in the second half of 2023.

## Compelling Strategic and Financial Rationale

- **Extends YouGov's offering into the FMCG sector:** The Consumer Panel Business brings longstanding relationships with a complementary blue-chip client base in the FMCG sector in which YouGov has, to date, been underpenetrated.
- **Adds highly-engaged panellists in Europe:** GfK's Consumer Panel Business offers over 100,000 highly-engaged panellists and rich data assets on consumer household purchases. The Consumer Panel Business has a presence in 16 countries in core continental Europe producing household purchase data representing over 50% of European GDP and over 145 million consumer households.
- **Enhances YouGov's customer value proposition:** Opportunity to provide a holistic 360-degree view of the consumer by connecting data from the Consumer Panel Business with YouGov's profiling, media consumption and brand data.
- **Opportunity to significantly enhance YouGov's US offering:** The Acquisition presents an exciting opportunity to bring the Consumer Panel Business offering to the US using YouGov Plus panels and adding expertise in building SKU data product and barcode catalogue, creation and maintenance of household samples, and specialist data science to enhance insights.
- **Resilient through-cycle financial profile, growing recurring revenue share<sup>i</sup> and expanding YouGov's operating profit margins<sup>ii</sup>:** The Consumer Panel Business contributes a resilient financial profile to the Group, with average contract length of 3 years, 99% average gross revenue retention<sup>iii</sup> within its largest segment, and approximately 66% of revenues from recurring subscription business<sup>iv</sup>. The Acquisition is also expected to enhance YouGov's operating profit margin<sup>ii</sup>.
- **Acquisition is mid-teens EPS accretive:** The Acquisition is expected to result in mid-teens EPS accretion in the first full year of ownership pre-synergies<sup>v</sup>. Additional upside potential is provided by currently identified annual cost synergies of approximately £4 million<sup>vi</sup>, further potential cost synergy realization during integration, and attractive revenue synergies from cross-sell, upsell and the US expansion opportunity.
- **Strong Cultural Alignment:** YouGov sees strong cultural alignment between the two organisations given the Consumer Panel Business' rigorous approach to data, their use of data from highly-engaged panels, and their deployment of technology to deliver rich data and insights.

## Consideration, Background to the Offer, and Timeline to Completion

- YouGov plc has agreed to acquire the Consumer Panel Business of GfK SE in an all-cash transaction for a headline purchase price of €315 million.
  - Implies a sub-10x multiple on a trailing FY2022 EBITDA basis pre-synergies.
  - The headline purchase price is subject to adjustments to reflect a cash-free debt-free transaction, and assuming a normalised level of working capital. The adjustments are to be finalised using a completion accounts mechanism. Based on the current estimate of completion adjustments, the final cash consideration is expected to be lower than the headline purchase price.
- The opportunity to acquire the Consumer Panel Business has arisen because the European Commission has required its divestment to an independent third party as a clearance condition for the merger of NielsenIQ and GfK SE announced in July 2022.

- A transitional services agreement will remain in place for 12 months following completion of the Acquisition with an option to extend by an additional 6 months on two occasions (maximum 24 months) to ensure a smooth separation and integration process.
- Consumer Panel Business management will remain with the business to drive the integration and continued success of the business.
- The Acquisition is subject to customary closing conditions including any necessary regulatory approvals and works' council consultations in certain jurisdictions. Completion is expected in the second half of 2023.
- In the year to 31 December 2022, the Consumer Panel Business generated revenues of €134 million and adjusted profit before tax of €24 million and as of 31 March 2023 had gross assets of €53 million.<sup>vii</sup>

### **Financing & Capital Structure**

- YouGov will fund the Acquisition with a non-pre-emptive underwritten equity placing of new ordinary shares expected to raise gross proceeds of approximately £55 million (representing approximately 4.9% of YouGov's issued share capital), with the remainder of the cash consideration financed by a fully committed bridge debt facility and cash on balance sheet. The terms of the placing were announced separately today.
- The Company expects net leverage at completion below 2x<sup>viii</sup>, with the strong combined cash flow profile de-levering by approximately 0.5x per annum.
- The Company's progressive dividend policy is expected to remain unchanged following the Acquisition.

Morgan Stanley is acting as lead financial adviser to YouGov in relation to the transaction with Numis acting as NOMAD. Citigroup is acting as debt provider and financial adviser to YouGov. DLA Piper is acting as legal adviser and KPMG is providing tax and structuring advice.

### **Stephan Shakespeare, YouGov Chief Executive Officer and Non-Executive Chair Designate, commented:**

"We are delighted to be acquiring one of the leaders in European household purchase data and to be welcoming their employees into the YouGov fold. The business' approach to data collection and their geographic coverage are highly complementary to YouGov and we are fortunate to have been in a position to make this Acquisition, which brings exciting future growth opportunities.

This transaction is important for us strategically, extending our offering further into the under-penetrated FMCG sector, bringing with it long-standing relationships with a blue-chip client base. We are excited by the future potential of this combination, as it provides us with the opportunity to super-charge our customer value proposition by combining one of the richest data sets on household purchases with YouGov's existing media consumption and brand data.

We believe this transaction will support YouGov's stated ambition of becoming the world's #1 market research company."

**Alex McIntosh, YouGov Chief Finance Officer, commented:**

“We are thrilled to have the compelling opportunity to acquire such a high-quality asset and YouGov’s strong financial position has made it possible for us to be agile during the assessment and transaction process.

Throughout this process we have worked closely with the Consumer Panel Business management team and have been very impressed with the foundation they have built. It is clear the management team share our ethos of using high quality panels and technology to provide data rich insights to their customers. We are looking forward to working with them over the coming months to develop detailed integration plans and achieve our shared vision of scaling their offering over the next few years under the YouGov Group.”

**Lars Nordmark, Interim CEO and CFO GfK, commented:**

“With YouGov, we firmly believe we have found the perfect future owner for GfK’s Consumer Panel Business and a solution in the best interests of all parties involved – especially for our clients and employees.”

**Enquiries**

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**About YouGov**

YouGov is an international online research data and analytics technology group.

Our mission is to offer unparalleled insight into what the world thinks.

Our innovative solutions help the world’s most recognised brands, media owners and agencies to plan, activate and track their marketing activities better.

With operations in the UK, the Americas, Europe, the Middle East, India, and Asia Pacific, we have one of the world’s largest research networks.

At the core of our platform is an ever-growing source of consumer data that has been amassed over our twenty years of operation. We call it Living Data. All of our products and services draw upon this detailed understanding of our 24+ million registered individuals to deliver accurate, actionable consumer insights.

As innovators and pioneers of online market research, we have a strong reputation as a trusted source of accurate data and insights. Testament to this, YouGov data is regularly referenced by the global press, and we are the most quoted market research source in the world.

### **Important notices**

The person responsible for arranging for the release of this announcement on behalf of YouGov is Alex McIntosh (CFO).

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In particular, no statement in this announcement is intended to be a profit forecast or profit estimate and no statement of a financial metric (including estimates of EBITDA, profit before tax, free cash flow or net debt) should be interpreted to mean that any financial metric for the current or future financial years would necessarily match or exceed the historical published position of YouGov and its subsidiaries. The acquisition of the Consumer Panel Business by YouGov is structured as a carve out transaction. There is no standalone audited financial information available relating to the Consumer Panel Business. YouGov's assessment of the financial performance of the Consumer Panel Business and of the prospective target margins is based upon unaudited financial information and projections provided by GfK combined with YouGov's management assessment of the expected financial performance of the Consumer Panel Business. The position may be subject to change. Certain statements in this announcement may contain estimates. The estimates set out in this announcement have been prepared based on numerous assumptions and forecasts, some of which are outside of YouGov's influence and/or control, and is therefore inherently uncertain and there can be no guarantee or assurance that it will be correct. The estimates have not been audited, reviewed, verified or subject to any procedures by YouGov's auditors. Undue reliance should not be placed on them and there can be no guarantee or assurance that they will be correct.

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<sup>i</sup> Revenue derived from multi-year contracts and one-year contracts expected to renew.

<sup>ii</sup> YouGov financials based on audited published financial information for the 12-month period ended 31 July 2022, GfK financials based on management estimates and calendarized to July-YE. Pro-Forma numbers are calculated based on these standalone figures. The FY2022 operating profit margin for YouGov increases from 16.4% to 17.8% on a pro forma basis.

<sup>iii</sup> Gross revenue retention measures how much of the monthly recurring revenue is retained each month after subtracting the effects of churn or downgrades to lower-priced products, but not the effects of upgrades.

<sup>iv</sup> Revenue derived from multi-year contracts and one-year contracts expected to renew.

<sup>v</sup> EPS accretion calculated using the pro-forma financials based on standalone financials of YouGov (based on analyst consensus) and calendarized financials of GfK CPB based on management estimates.

<sup>vi</sup> Based on YouGov management estimates.

<sup>vii</sup> Financial information is based on unaudited financial information provided in relation to the Consumer Panel Business which has been assessed by and on behalf of YouGov.

<sup>viii</sup> Net leverage calculated by dividing proforma net debt by Adjusted EBITDA (YouGov values based on analyst consensus (July-YE), including related acquisition financing, and Consumer Panel Business values based on management estimate calendarized to July-YE).