

12 October 2015

YouGov plc

Preliminary Results for the year ended 31 July 2015

Global products driving strong organic growth

Financial Highlights			
	Year to 31 July 2015 £m	Year to 31 July 2014 £m	% change
Revenue	76.1	67.4	13%
Adjusted Operating Profit¹	8.6	7.4	16%
Adjusted Operating Profit Margin (%)	11.3%	11.0%	
Adjusted Profit before Tax¹	9.1	7.7	19%
Adjusted Earnings per Share¹	7.0p	6.1p	14%
Dividend per Share	1.0p	0.8p	25%
Statutory Operating Profit	2.9	1.0	176%
Statutory Profit before Tax	2.7	0.7	265%

Highlights

- Group revenue increased by 13% - organic growth of 11%
 - Data Products and Services revenue up by 22% to £26.2m; now represents 34% of Group total (2014: 32%)
 - BrandIndex revenue increased by 30% to £10.4m
 - Omnibus revenue increased by 18% to £12.6m
 - Revenue from Custom Research up by 9% to £49.9m
- Adjusted operating profit up by 16%, adjusted profit before tax up 19% and adjusted earnings per share up by 14%
- Cash generated from operations (before paying interest and tax) increased by 16% to £10.3m (2014: £8.9m)
- Excellent cash conversion of 120% of adjusted operating profit (2014: 120%)
- Net cash balances of £10.0m (2014: £7.2m) after making £0.5m (2014: £1.0m) of acquisition related payments
- Recommended dividend increased by 25% to 1.0p per share
- New YouGov Profiles product launched in UK, Germany and USA
- Newest markets – Asia Pacific and France – achieving strong growth
- Current trading in line with the Board's expectations

1. Adjusted operating profit is defined as Group operating profit before amortisation of intangibles and exceptional items. In the year to 31 July 2015, amortisation of intangibles was £4.6m (2014: £4.0m) and exceptional costs were £1.1m (2014: £2.4m). Adjusted profit before tax and earnings per share are calculated based on adjusted operating profit. Further details are on page 18.

Commenting on the results, Stephan Shakespeare, Chief Executive, said:

"We are pleased to report another year of strong organic revenue and profit growth reflecting clients' demand for our portfolio of global data products as well as for our custom research services. Our continued market share gains result from the sophistication of our data-led products and services and their ability to meet the changing needs of our customer base. The expansion of our model and brand into new markets such as Asia Pacific and France is also contributing successfully to our global development.

We are well positioned to deliver the medium term goals that we set out to shareholders last year and see significant opportunities for further growth of our existing data products and services, BrandIndex and Omnibus, as well as high potential for the YouGov Cube and YouGov Profiles. This is an exciting time for YouGov and the current financial year has started well with trading in line with expectations."

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Chairman's Statement

The financial year ended 31 July 2015 has been a good one for YouGov. We delivered strong organic growth in both revenues and profits. Perhaps even more importantly, we have successfully achieved the goals set for the first year of the five-year growth plan that the Board approved last year.

As we announced last year, we are now running this business with a greater focus on product type managed on a global rather than a local basis. It is very pleasing to report that, as planned, we saw a further significant growth in our Data Products and Services segment. But it is also encouraging that, in line with our increased focus on operational excellence, we have seen profits grow significantly in the USA as well as in Germany, which underperformed in the previous year, and our growth continues to outperform the market in all product lines.

Last year, we put in place a new matrix structure and appointed a Chief Operating Officer to manage international growth and deliver consistent international service quality across all markets. Early indications are that this management approach is working well.

Traditionally, market research involved the creation of a survey - designed as a one-off to answer a client's specific questions - then the interrogation of a statistically representative sample of people whose responses would provide data to help the client's decision making. In its early years, YouGov pioneered the use of the Internet as a data collection tool although at that time, largely based on this traditional research model. As the Internet and ways of using it have evolved, YouGov itself has embarked on new working methods that exploit the reach and interactivity of today's technology and fundamentally change the way that research data is collected and delivered. We have, in effect, automated the process of data collection, analysis and presentation, which provides our clients with a superior service.

We operate a panel of almost 4 million highly responsive YouGov members around the world and we constantly engage with them to seek their views on a wide range of issues and subjects. Data from this panel is collected on a daily basis and stored in a multivariate database we call The Cube. This vast, and ever expanding, data-set can then be analysed and presented to a client in any way they want using our proprietary analytics tool that we call Crunch.

This approach allows us to deliver innovative data products and insights that clients value, such as YouGov BrandIndex, which lets them track the health of their brands on a daily basis and see immediate consumer reactions to factors such as their advertising or external news stories. We are also able to offer products like YouGov Profiles – launched at the start of 2015. The consumer version of Profiles is available free to use on our website and has proved hugely popular and entertaining. The professional version, which sells on a subscription model, allows clients to obtain deep and complex profiles so as to describe and understand their actual and potential customers.

The Board is acutely aware of the need to balance our desire to invest for the future with the delivery of profit growth in the current year. Our focus remains on continuing to grow organically by opening up new territories and adding to our product range. We have invested (and will continue to invest) in new technologies to enable us to interact with our panel and ask questions in novel and engaging ways, and we are constantly improving our software platform to support our business plans.

In keeping with our progressive dividend policy, we are pleased to propose a 25% increase in the annual dividend, payable in December 2015, up to 1.0p per share.

When the business started in 2000, YouGov achieved its original fame through political polling but our clients have always used our services to gain a far broader view of how society works and of how people live their lives. An excellent example of this was the book we published during the year called "What Makes us Germans Tick". This proved to be a media sensation going straight to the top of the non-fiction best sellers list and generating a huge amount of public interest in Germany.

Although political polling is only a small part of YouGov's business, it is a high profile element and rightly gets a lot of attention particularly when the polls prove to be out of line with the election results, as they were in the 2015 General Election in the UK. This was a reminder to the entire industry that we must

treat each result as an opportunity to learn and to adapt our methodology, and we will be making a full report on this at our annual YouGov-Cambridge conference in November.

We were delighted to welcome Rosemary Leith, in February 2015, as a Non-Executive Director and Chair of the Remuneration Committee. Her global experience in commercial and academic spheres of the Internet, online data and analytics will be of great value to YouGov in our continuing international development. Rosemary replaces Sir Peter Bazalgette who stood down in May 2015 after 10 years during which time he made a huge and lasting contribution to the Company during a period of very great change.

The current trading year has started well with robust trading in the first two months and a strong sales pipeline. We have set ourselves ambitious growth targets for the next five years and are focused on delivering the initiatives currently underway. We have the skilled and enthusiastic team to do this and the resources to make the right investments.

Roger Parry
Chairman
12 October 2015

Chief Executive Officer's Review

Performance in the Year

YouGov's revenue for the year ended 31 July 2015 increased by 13% to £76.1m. Our organic growth of 11% was once again well above global market growth, which we estimate at approximately 3%. The Group's adjusted operating profit increased by 16% to £8.6m, from £7.4m the previous year. This performance reflects the on-going benefits of our strategy to grow our global suite of higher margin data products and services while ensuring that our custom research business also gains market share and improves its profitability.

Revenue from Data Products and Services increased by 22% to £26.2m and revenue from Custom Research grew by 9% to £49.9m. Data Products and Services now represent 34% of total Group revenue, compared to 32% in the previous year. Within this, YouGov BrandIndex revenue grew by 30% to £10.4m and YouGov Omnibus revenue grew by 18% to £12.6m. The operating profit from Data Products and Services increased by 17% to £6.8m, which represents a margin of 26%. Custom Research operating profit grew by 24% to £6.4m with the margin increasing from 11% to 13%. Our Custom business has gained momentum thanks to the increasing awareness and traction achieved by our data products and to the ability this gives us to meet the changing needs of research buyers.

Regionally, the US operation, our largest in revenue terms, grew by 18% so that it now accounts for one-third of Group revenue and it also significantly increased its profit contribution. Our newer Asia Pacific and French businesses grew strongly, in line with our plans. The UK also delivered strong revenue growth of 18% although planned investment in the YouGov Profiles product development and sales team restricted its profit growth. Germany and the Nordics both reported improved profits and grew revenue in constant currency terms, although reported lower figures in reported currency. Middle East revenue grew but its profitability was reduced due to previously reported changes in the Kurdistan project mix.

Year-on-year movements in foreign currency exchange rates had little impact on total group revenue but did affect individual regions. The appreciation of the US dollar led to approximately 5% higher reported revenue growth in the US and Middle East while the depreciation of the Euro meant that reported revenue in Germany, France & Nordic was 10% lower than if calculated in local currency terms.

The increase in the Group's adjusted operating profit reflects the growth in revenue as the gross profit and operating cost ratios remained constant at 77% and 66% respectively as a proportion of revenue. We maintained a high cash conversion rate (of 120% of adjusted operating profit) with cash generated from operations increasing by 16% to £10.3m, from £8.9m in the prior year. This led to a net cash inflow of £2.6m (2014: £1.3m) after investing £0.5m (2014: £1.0m) in acquisition-related payments and £5.8m (2014: £5.7m) in the purchase of tangible and intangible fixed assets. The latter included £4.6m (2014: £4.7m) for the development of our data collection and analytics platforms.

Our adjusted profit before tax rose by 19% and our adjusted earnings per share increased by 14%.

Strategy

Our five key strategic objectives remain:

- *Grow our syndicated product suite*
- *Integrate custom and syndicated data*
- *Enhance our user experience*
- *Boost our public profile*
- *Expand our geographic footprint*

On Monday 10 August 2015, and for several days after, YouGov generated significant coverage in the German media. Our German head of research was on the main morning television show across the full three hours and we were on the cover of most major newspapers. Below the front-page masthead of *Die Welt* there was a large German flag with a YouGov insight written across it, leading readers to a double-page spread of infographics and an article inside headlined: "The Soul of Germany". A nationwide emotional debate was sparked on how the Germans really are. This all resulted from a YouGov-authored book, "What Makes us Germans Tick" that went straight to the top of the non-fiction bestseller list and whose first two editions sold out within a few days. This book was an almanac of 550 insights into how Germans think and behave.

Nine months earlier, we had released the YouGov Profiles LITE app on our website to coincide with the UK launch of the new Profiles data product. The app allows users to type in any brand, celebrity or thing and get a detailed portrait of the fans or customers for that item. It quickly went viral on social media and for three consecutive days it was trending UK-wide on Twitter. The app received over a million searches in its first week, and was featured in almost every national television news programme and newspaper including *The Times* which ran the headline: "If you aren't addicted to YouGov Profiles yet, you soon will be".

These stories illustrate two powerful effects:

The first effect is that people love having themselves reflected back in all their glory. They want to know about themselves and their neighbours and how they compare: do they belong to the 69% of Germans who love their car or the 35% of Germans who never do sports or both or neither? What differentiates people who shop at Tesco from those who shop at Asda? How are the media consumption habits of people who start the day with Cornflakes different from those who prefer muesli? And, what are the favourite celebrities of those reading *The Times* as they munch their breakfast?

The second effect that these stories demonstrate is that people like to tell us about themselves. We have a panel of nearly 4 million people worldwide who provide us with a live, continuous stream of data. We have developed the YouGov Cube to make the most out of this participation. The YouGov Cube is our highly-structured, daily-updated online-crunchable database which underpins and supplements our products and services. The Cube currently holds over 100,000 variables for 250,000 of our UK panellists, 150,000 of our US panellists, and 50,000 of our German panellists. A core set of data is complete for all panellists in these three countries and every day we are increasing the number of variables held.

How did all of these data-points in the YouGov Cube get there? About two-thirds from paid surveys and one-third from Opigram, our web-based application that allows panellists to fill in details about themselves because they want to and is thus unpaid. We are increasingly making it easier for our panellists to talk to us, for example through the mobile optimisation of Opigram and through the continued roll-out of the YouGov Daily mobile app to our worldwide panels. YouGov Daily is an iPhone and Android app for daily short surveys that has been launched in beta form in the UK and Germany and has proved very popular with users during its initial testing period.

Together with advanced statistical analytics, this combination of panel participation and a technology-driven survey platform gives us revolutionary data products that provide insight and fun for the media, for our panellists, and for our commercial clients.

YouGov is reaping increasing benefits from our ongoing investments in technology, panel and media presence. The YouGov Cube produces two powerful syndicated data products: a longitudinal read of the data (YouGov BrandIndex, our daily brand perception tracker) and a landscape read (YouGov

Profiles, our planning and segmentation tool through which one can identify target groups, their detailed characteristics and where they are to be found across digital and non-digital media). Profiles was launched commercially in November 2014 in the UK - where it is meeting its key objectives - and in the US and Germany in the summer of 2015.

This Cube is the foundation of a new, more powerful form of custom research. Instead of beginning every study as a blank page, with every respondent an unknown random entity, we can start from a position of deep granular information. We have rich, up-to-the-moment data relevant to the needs of most of our potential clients. This means we can approach clients with a wealth of information about their target groups and the dynamics of their markets that provides an advanced starting point for any subsequent custom research. This is a new and better way of conducting market research, offering greater value to clients than available through traditional methods in fulfilling their strategic planning and daily marketing and business work-flows.

This combination of rich, single-source (and therefore connected) syndicated data, advanced custom research building on that data, and making it work for specific client campaigns and strategies, is powerful precisely as a combination: the data is not only viewed but applied. What is more, it can be applied at great speed and with high efficiency: our clients can conduct further research on the people they care about - the same panellists who shared their original data with us - virtually in real-time. So the muesli-munching *Times* reader can be asked whether they would prefer more hazelnuts, with single day turnaround.

We have already started to extract value from the system that we have developed and are focused now on realising its full value. Our technology, especially the cloud-based big-data statistical analytics system that we are building (called Crunch), has only just begun to deliver its first fruits to our clients. The deployment of faster custom research applications is still in the implementation stage. We are expanding our global panel and Cube resources to sustain our full data product range in all our markets. Our trajectory is clear: we are systematically creating a new kind of market research which answers vital needs of clients in markets where the speed of change is increasing and where understanding of the customer-supplier-media relationship is fracturing.

The irony of "big data" is that as companies get closer to their customers they are also becoming more confused by them, and ultimately more distant from them. Automated digital marketing systems provide significant benefits while at the same time atomising the relationship. It is YouGov's mission to use rich connected data to drive insight and restore a holistic view of the company-customer relationship leading to strategies that benefit both.

Dividend

The Board has previously indicated that it intends to follow a progressive dividend policy. Having considered the Group's performance in the year ended 31 July 2015 and future expectations as well as its financial resources, the Board is pleased to recommend payment of a final dividend of 1.0p per share in respect of the year ended 31 July 2015, payable in December 2015. This represents an increase of 25% over the dividend paid in 2014.

Prospects

Trading in the current financial year is in line with the Board's expectations.

The Board has set ambitious goals for the growth of the business and delivery of substantial earnings growth, which it believes will create long-term value for shareholders. These goals are clearly understood by the senior management and reflected in their incentive plans.

Looking ahead to the coming year, we see significant opportunities for growth for our established Data Products and Services both in YouGov's more mature markets and its newer operations. Our innovative approach to creating connected data sets also offers strong potential both for YouGov Profiles as a syndicated product and for our Custom Research services to continue winning market share. We therefore believe we remain well positioned to achieve our plans.

Overview of Global Products and Services

Revenue	Year to 31 July 2015 £m	Year to 31 July 2014 £m	% Change
Data Products (incl. BrandIndex)	11.9	9.4	30%
Data Services (incl. Omnibus)	14.3	12.1*	18%
Total Data Products & Services	26.2	21.5*	22%
Custom Research	49.9	45.9*	9%
Group	76.1	67.4	14%

Adjusted Operating Profit	Year to 31 July 2015 £m	Year to 31 July 2014 £m	% Change	Operating Margin %	
				2015	2014
Data Products (incl. BrandIndex)	2.3	1.8	24%	19%	19%
Data Services (incl. Omnibus)	4.5	4.0	14%	32%	33%
Total Data Products & Services	6.8	5.8	17%	26%	27%
Custom Research	6.4	5.2	24%	13%	11%
Central Costs	(4.6)	(3.6)	29%	-	-
Group	8.6	7.4	16%	11%	11%

Note: The segmental analysis for the year ended 31 July 2014 has been restated so as to ensure consistent treatment in all regions. The effect of the change from the reported analysis was to reduce Data Products revenue by £0.2m, increase Data Services revenue by £2.0m and to reduce Custom Research revenue by £1.8m. There were consequential minor adjustments to the segmental adjusted operating profit. This change in the basis of the comparatives was already reflected in the Interim Statement for the 6 months ended 31 January 2015.

Data Products

Data Products are comprised of YouGov BrandIndex, our flagship brand intelligence tracker, which accounted for 87% of this category's revenue; YouGov Reports, which provides market intelligence reports and sector trackers; and the new YouGov Profiles product. Data Services revenue mainly comprises YouGov Omnibus (including field and tab services) (88%) with the balance being the provision of sample-only services in the Nordic and Middle East regions.

Data products, once mature, are more profitable than custom research as the outputs are sold to multiple clients while the input costs, such as data collection and analysis, are incurred only once. However, in their early stages of development and expansion to new markets, investment is required in product development, analytics and sales resources. The overall Data Products margin of 19% reflected this mix with BrandIndex achieving significantly higher margins offset by the investment in our relatively newer products, including £1.0m in the year in relation to Profiles.

Within Data Products, BrandIndex grew revenue by 30% to £10.4m (2014: £8.0m) and now accounts for 14% of total Group revenue, generated from over 300 subscribers in 21 markets across the world. The US remained the largest BrandIndex market, accounting for 62% of the total and growing by 47% with the UK, its second largest market, growing by 28%, and the first locally generated sales being achieved in Asia Pacific as sales teams were established in the region.

BrandIndex serves major accounts among both advertising and media planning agencies on the one hand and brand owners and advertisers on the other. Its long-standing clients include OMD, Universal McCann, Bank of America, KFC and Subway. New client wins in the year include: Domino's, Emirates NBD, EDF, Reebok, Singapore Press Holdings and TeliaSonera.

BrandIndex focused on three major areas in FY15 to drive growth. First, its geographical expansion continued with launches in six new markets, including in Ireland and the Asia Pacific markets of Australia, Indonesia, Malaysia, Singapore and Thailand. All of these new markets achieved sales in the year. Second, significant enhancements were made to the consumer profiling in BrandIndex's three largest markets: US, UK and Germany. BrandIndex data in each category can now be filtered by the most relevant consumer groups for that category. For example, restaurant groups can view data by: frequency of dining out, monthly spend on dining out, frequency of take-away orders, monthly spend on takeaway orders, frequency of dining out for breakfast, lunch, dinner or late night, etc. Finally, enhancements were made to the BrandIndex reporting tool so that it is more closely coupled with that of Profiles. For example, key consumer segments that can be identified and described in Profiles can also now be tracked on a daily basis in BrandIndex. This means that clients subscribing to the two services have an unparalleled ability to leverage the YouGov Cube so as better to plan, target, execute, track and rework advertising, media and promotional campaigns.

Looking forward, BrandIndex's coverage is expected to expand to more countries in line with client demand. We also plan to introduce more automation into the BrandIndex reporting tool, making it even easier for clients to derive value from the service, while also improving the scalability of the service for YouGov.

YouGov Profiles offers the largest, most detailed and real-time consumer database in the UK, US and Germany, updated weekly. The UK version of Profiles is based on a database of some 120,000 separate data variables on consumers, collected initially from approximately 250,000 YouGov panellists. YouGov Profiles connects data on profiles, brand, sector, and media, digital and social data all in one place combining that with attitudes, interests, views and likes. For example, it provides brand usage and perception data for some 1,000 brands (plus usage for thousands more), TV viewing for 5,000 programmes, website usage for the most active commercial websites, thousands of likes on music artists, films, personalities and much more.

YouGov Profiles is offered to the market as a subscription service (like BrandIndex) with clients accessing the data through a dedicated portal. Profiles complements BrandIndex since it allows users to define and understand their potential target customers while BrandIndex allows them to measure the effect of campaigns and other events on how their own and other brands are perceived. It improves the ability of marketers to understand the people and audiences that matter to them and enables media owners to identify potential advertisers and make more informed content and scheduling decisions so as to deliver the target audience that advertisers require. Profiles is delivered through a "point and click" tool, which gives users access to a wide range of detailed and connected data and provides analytics methods with which to interrogate and interpret the data.

Following its UK launch in November 2014, Profiles has begun to achieve traction with sales agencies including Dare and MEC and brand owners including EE, Experian, O2 and Universal Music as well as a three-year contract with a major US media corporation. The US version was launched in April 2015 and the German one in August 2015 and the first sales have been achieved in both these markets. A number of clients have bought the combined Profiles and BrandIndex product set which provides a unique suite of tools that enhances brand and customer information through the entire marketing and advertising workflow. The preparatory work is underway, in terms of structuring and collecting the connected profile data, for the roll-out to Nordic and Asia Pacific which is planned over the coming year, with China expected to be the next launch territory.

YouGov Reports, which is currently only UK-based, increased revenue by 12% to £1.2m and expanded its portfolio of market intelligence reports to some 400 report titles. Its main sector focus and largest revenue generator continues to be financial services with other sectors covered including food and drink, legal services, media, technology and utilities. The Reports segment also includes HEAT, YouGov's economic confidence tracking study, which covers UK, US and China, and specialist syndicated trackers on subjects such as pension reform, utility customer switching and media consumption. New clients this year include Nottingham Building Society and Swinton Insurance.

Data Services

YouGov Omnibus, our online fast-turnaround service, grew revenue by 18% to £12.6m. This performance reflected strong growth in markets where Omnibus has been launched more recently, such as France with 83% growth and USA with 44% growth, together with continued growth of 17% in the UK where Omnibus has been the market leader for a number of years. An Asia Pacific service was started during the year and is progressing as planned.

Omnibus has continued to enhance its service offering with innovations designed to meet client's changing needs. These include the new "Slides!" facility which provides an automated slide pack as the default means for delivering Omnibus survey results and segmental services such as Children, Parents and Shoppers continue to grow along with a new SME service which has helped to expand the client base as well as demonstrate the capability that YouGov's large panel provides to reach selected target respondents. Sales of multi-country Omnibus projects have also increased, supported by our growing international presence and marketing to existing clients. New clients in the year included Airbnb, Lidl, L'Oréal, Nissan Europe and Saatchi & Saatchi.

Custom Research

YouGov's Custom Research business conducts a wide range of quantitative and qualitative research, tailored by our specialist teams to meet clients' specific requirements. The scope, scale and complexity of projects varies significantly and ranges from large-scale national and multinational tracking studies, through to more one-off surveys designed to address a specific commercial, social or political issue for the client. It is recognised in the market-place that clients increasingly demand faster information from surveys that can also be connected with other data available to them on the attitudes and behaviours of their target groups, whether they be consumers, citizens or opinion-formers. Our panel-centric methodology, enhanced by recent development of the YouGov Cube, enables us to combine data generated from bespoke surveys with other data from our library or that forms part of a data product such as BrandIndex. Our global Custom business is already benefitting from our innovative approaches, as reflected in its 9% revenue growth over the past year. The highest growth was in the UK which grew by 17%, winning business from existing and new clients in a range of sectors and also reflecting the benefit of the extensive media coverage of YouGov's brand. The US grew by 16% due in part to strong revenue from polling for the mid-term Congressional Elections as well as to continued growth in the technology and consumer goods sectors. Middle East grew by 4% while Germany and Nordic both grew in local currency terms although depreciation against the £ led to small declines in £ terms.

The adjusted operating profit from Custom Research increased to £6.4m from £5.2m and the operating margin increased from 11% to 13%. This is in line with our continuing aim of improving Custom Research profitability both by exploiting the benefits of our panel-based methodology and improving the efficiency with which Custom work is delivered through for example, the automation of results and reports delivery. Initiatives planned for the coming year include the establishment of a shared services research operations facility in Romania which will reduce further our delivery costs. The new Crunch analytics tool has also been deployed to enable two major clients (one in USA, one in UK) to receive, analyse and report their data to their internal users and management. This provides revenue opportunities for YouGov as well as significant efficiency and quality gains for the client and ourselves.

Major clients in the year included Asda, Barclays, Bill and Melinda Gates Foundation and ITV (UK); Amazon, Coca-Cola, Google and Microsoft (USA); Bosch, Credit Suisse and Deutsche Telekom (Germany), Havas (France), Carlsberg and Danske Bank (Nordic); Dubai Properties and Saudi Commission for Tourism (Middle East); Blue Hive / Ford, Guangzhou Cosmetics and Singtel (Asia Pacific).

Central Costs

Central costs of £4.6m include the Group management team and central management functions together with the teams responsible for YouGov Online and for the data analytics and related activities that support the roll-out of products and services based on YouGov's profile data library. The increase in these costs of £1.0m was due to additional investment in the YouGov Online and data analytics teams and in Group management resources as well as to higher share-based payment charges.

Review of Geographic Operations

As in previous years, this section reviews the results of our geographic operations. In future, given the increasing focus on managing our business on a global product rather than local unit basis, the results of geographic operations will be presented in a more condensed format in the Notes to the Consolidated Financial Statements.

UK

	Year to 31 July 2015 £m	Year to 31 July 2014 £m	% Change
Revenue	22.9	19.4	18%
Adjusted Operating Profit	5.6	5.0	11%
Adjusted Operating Profit Margin (%)	24%	26%	

Our UK business continued to gain market share with revenue growth of 18% and also delivered 11% higher adjusted operating profit despite the planned investment of £0.5m in the sales and development team supporting the new Profiles product.

Data Products and Services revenue grew by 22% to £11m and now represents 50% of total UK revenue. This high proportion remains the key driver of the UK's high profit margins and is the model which we aim to emulate across the Group. UK BrandIndex revenue grew by 28% and its UK client base increased to 87. Revenue from UK Omnibus grew by 17% to £7.4m, aided by the widespread media coverage of Scottish Referendum and General Election polling which stimulated the flow of enquiries from a wide range of corporate and agency clients. There was also strong growth in the segmental Omnibuses, notably the recently launched SME Omnibus. The new 24 hour standard service and the "Slides!" facility first offered to clients last year have also helped YouGov Omnibus to maintain its UK market leadership position.

UK Custom Research revenue also grew strongly by 17% serving new and existing clients across many sectors.

USA

	Year to 31 July 2015 £m	Year to 31 July 2014 £m	% Change
Revenue	25.9	21.9	18%
Adjusted Operating Profit	4.6	3.0	54%
Adjusted Operating Profit Margin (%)	18%	14%	

YouGov's US business has continued to develop its presence and brand awareness in the market and this led to revenue growth this year of 18% in reported currency terms (13% at constant currency). Its profitability also increased further with a 54% uplift in adjusted operating profit and an increase in the operating margin from 14% to 18%. This was due both to the higher proportion of Data Products and Services revenue and to the more efficient deployment of Custom Research resources across the nationwide office network that has been achieved over the last two years.

Data Products and Services revenue grew by 39% in reported currency terms (24% at constant currency) to £7.4m and it now represents 29% of total US revenue. BrandIndex increased revenue by 47% (40% at constant currency) to £6.5m and now has 98 US clients. Omnibus, which is still a relatively new service in USA, increased revenue by 44% (37% at constant currency).

US Custom Research revenue grew by 16% to £18.5m (10% growth at constant currency), aided by the improved awareness of the YouGov brand resulting from Congressional Election polling and growth of established client accounts. Its operating profit also increased significantly by 54% reflecting the greater operational efficiencies achieved.

Middle East

	Year to 31 July 2015 £m	Year to 31 July 2014 £m	% Change
Revenue	10.7	10.1	6%
Adjusted Operating Profit	1.5	2.2	(32%)
Adjusted Operating Profit Margin (%)	14%	22%	

Middle East revenue grew by 6% overall (1% at constant currency) although the unit's profit margins fell from 22% to 14% and its adjusted operating profit was 32% lower. While revenue from the UAE (Dubai) and Saudi-based operations grew by 33% and their operating profit increased by 87%, the Kurdistan unit's revenue fell by 9% and its operating profit by 55%. The reduced profitability in Kurdistan was due to changes in the mix of project work and to investment in the local operation to support longer-term growth in response to client demand.

Custom Research continues to make up most (88%) of the Middle East revenue but good progress was made in expanding the Data Products and Services offering whose revenue grew by 22%. BrandIndex was launched in Egypt and a suite of Omnibus products were launched to make the service better tailored to regional needs. This helped Omnibus revenue almost to double in the year.

Germany

	Year to 31 July 2015 £m	Year to 31 July 2014 £m	% Change
Revenue	8.9	8.9	-
Adjusted Operating Profit	0.9	0.5	76%
Adjusted Operating Profit Margin (%)	9%	6%	

German revenue grew by 9% at constant currency, although static in reported terms due to the Euro depreciation. As importantly, the unit's profitability improved significantly as the actions previously taken to drive growth in higher margin areas and reduce costs, bore fruit. Custom Research revenue increased by 9% at constant currency (flat in reported terms) and it improved from virtually break-even to a profit margin of 8%. Data Products and Services revenue also grew by 10% at constant currency (although flat in reported currency) with a 21% rise in BrandIndex and a 5% rise in Omnibus.

Much groundwork has been laid this year and is continuing so as to support profitable growth based on the core YouGov model. A vigorous marketing and PR programme has helped to improve awareness of YouGov's brand and innovative offerings in Germany culminating in enormous publicity around the "What Makes us Germans Tick" book. This helped to prepare the way for the launch of the Cube and Profiles in Germany. A small office has been opened in Berlin to develop business with the many public and private organisations based in the capital, which should especially benefit Omnibus growth.

Nordic

	Year to 31 July 2015 £m	Year to 31 July 2014 £m	% Change
Revenue	7.5	8.0	(6%)
Adjusted Operating Profit	1.0	0.8	22%
Adjusted Operating Profit Margin (%)	13%	10%	

Our Nordic business continued to make progress in improving its profitability with a 22% increase in adjusted operating profit and a 3% point increase in the margin. It also returned to revenue growth of 3% at constant currency although a decline was seen in reported currency. The Danish business (which accounts for 52%) grew revenue by 8% at constant currency and Norway by 14% while Swedish revenue was flat. Data Products and Services revenue increased by 9% at constant currency (2% in reported currency) with BrandIndex performing strongly in the region with a 24% revenue increase winning several new clients. Omnibus revenue was however relatively static with lower field and tab business although the regular Omnibus service grew faster.

France

	Year to 31 July 2015 £m	Year to 31 July 2014 £m	% Change
Revenue	1.2	0.8	53%
Adjusted Operating Profit / (Loss)	0.1	(0.1)	-
Adjusted Operating Profit Margin (%)	11%	(16%)	-

The French operation continued to develop in line with expectations, achieving a further year of strong growth and delivering its first annual profits. Revenue grew by 69% at constant currency, although by only 53% in reported currency. This success is based on a model which focusses on offering BrandIndex and Omnibus to the French market, with these accounting respectively for 33% and 55% of revenue, supplemented by a small amount of Custom Research work.

Omnibus was the main growth driver in the year, with revenue 83% up on prior year, as it moved to an almost daily frequency and attracted a number of new clients especially among the digital and technology sectors. This was helped by the development of media partnerships which now include Liberation, Huffington Post and i-Télé. BrandIndex grew revenue by 20% at constant currency (8% in reported currency) both through internationally referred clients and a growing list of local clients. We will continue to invest in further expansion of the business in the coming year including recruitment of more sales and research staff.

Asia Pacific

	Year to 31 July 2015 £m	Year to 31 July 2014 £m	% Change
Revenue	1.4	0.2	641%
Adjusted Operating Loss	(0.4)	(0.3)	-

This is the first full year of reporting for YouGov Asia Pacific, which was acquired (as Decision Fuel) in January 2014. As planned, there has been a rapid expansion in regional coverage as well as in the staff resources and panel capacity required to support growth. The geographic footprint now extends to new locations in Bangkok, Jakarta, Kuala Lumpur and Sydney in addition to the original offices in Hong Kong, Singapore and Shanghai. The team has been boosted through new hires in business development, research and support roles bringing it to 30 staff at the year-end.

Revenue from Data Products and Services made up 83% of the total with BrandIndex, Omnibus and the locally developed proprietary mobile service all contributing. To reflect client demand, BrandIndex is now available in seven regional markets: Japan, China, Indonesia, Thailand, Singapore, Malaysia and Australia. Significant momentum has been generated for the Omnibus service which is new to the region and whose revenue was the single largest contributor in the year. Focused Omnibus products (including targeting demographics for specific use cases such as campaign effectiveness) will be launched in the year. A foundation for the regional launch of Profiles (beginning with China) is being created with the development of an Asia Pac Cube which will be expanded as the panel size continues to grow.

Stephan Shakespeare
Chief Executive Officer
12 October 2015

Financial Performance

Income Statement Review

Group revenue for the year to 31 July 2015 of £76.1m was 13% higher than the prior year.

The Group's gross profit (calculated after deducting costs of panel incentives and external data collection) increased by £7.1m to £58.6m and the gross margin remained at 77%.

Operating expenses (excluding amortisation and exceptional items) of £50.1m increased by £5.9m. The growth rate of 13% was broadly in line with revenue so that the operating expense ratio stayed constant at 66% of revenue.

The average number of staff (full-time equivalents) employed during the year increased by 44 to 622 from 578. Average revenue per head increased slightly to £122,000 from £117,000 and staff costs as a percentage of revenue fell by 2% points to 46%.

Adjusted group operating profit increased by 16% to £8.6m compared to £7.4m in the previous year. There was a net finance cost of £0.2m compared to £0.3m last year, primarily due to foreign exchange translation losses. This resulted in an adjusted profit before taxation of £9.1m, an increase of 19% over the prior year. Adjusted earnings per share for the year rose by 0.9p to 7.0p.

The statutory operating profit (which is after charging amortisation of £4.6m and exceptional items of £1.1m) increased by £1.8m to £2.9m due to lower exceptional items partly offset by higher amortisation charges. This was reflected in the increase of £1.9m in statutory profit before taxation to £2.7m.

Amortisation of Intangible Assets and Impairment

Amortisation charges for intangible assets of £4.6m were £0.6m higher than the previous year. Amortisation of the consumer panel increased by £0.4m to £1.1m reflecting the additional investment made to grow the panel in the past two years. Amortisation of software increased by £0.3m to £2.7m, £1.8m (2014: £1.6m) of this charge related to assets created through the Group's own internal development activities, £0.7m (2014: £0.7m) to separately acquired assets and £0.2m (2014: £0.2m) to amortisation on assets acquired through business combinations.

Exceptional Items

Exceptional costs of £1.1m (2014: £2.4m) were incurred in the year. £0.4m of this related to acquisitions representing contingent consideration, which is deemed under IFRS3 to be staff compensation costs. £0.5m of the total acquisition related cost related to CoEditor Limited with a credit of £0.1m in respect of YouGov Asia Pacific. The remaining balance of exceptional costs (£0.7m) related to the costs of restructuring, of which £0.3m was incurred in the US business and £0.1m in each of the UK, Middle East and German businesses.

Analysis of Operating Profit and Earnings per Share:

	31 July 2015 £'000	31 July 2014 £'000
Group operating profit before amortisation of intangibles, impairment & exceptional costs	8,570	7,389
Share-based payments	669	547
Imputed interest	32	32
Net finance income/(cost)	(220)	(292)
Share of post-tax loss in associates	42	(14)
Adjusted profit before tax	9,093	7,662
Adjusted taxation ¹	(2,016)	(1,635)
Adjusted profit after tax attributable to owners of the parent	7,077	6,027
Adjusted earnings per share (pence)	7.0	6.1

1. *The adjusted taxation charge reflects the tax effect of the adjustments to reported profit before tax. For the year ended 31 July 2015, it also excludes a one-off credit of £1.2m relating to the recognition of a deferred tax asset arising from available tax losses in Germany.*

Cash Flow

The Group generated £10.4m (2014: £8.9m) in cash from operations (before paying interest and tax) including a £1.2m (2014: £1.8m) net working capital inflow, with the cash conversion rate remaining at 120% of adjusted operating profit. Expenditure on investing and financing activities reduced to £6.2m (2014: £6.7m) of which £0.5m (2014: £1.0m) related to acquisitions, including the payment of deferred consideration, and £5.8m (2014: £5.8m) to capital expenditure. £1.1m (£2014: £1.0m) of the capital expenditure was spent on purchasing tangible assets. £4.6m (2014: £4.7m) was spent on intangible assets, of which £1.5m (2014: £1.7m) was for panel recruitment and £3.1m (2014: £2.9m) on software development including £2.3m (2014: £2.3m) arising from internally generated assets.

Taxation

The Group had a tax credit of £0.6m (2014: £0.3m charge) on a reported basis, the current tax charge was £0.7m (2014: £0.5m) with a deferred tax credit of £1.3m (2014: £0.2m). On an adjusted basis, the tax charge was £2.0m (2014: £1.6m), which represents a tax rate of 22% on the adjusted profit before tax, in line with the prior year.

Balance Sheet

Total shareholders' funds increased to £61.6m from £57.9m at 31 July 2014 and total net assets increased to £61.6m compared to £58.0m at 31 July 2014. Net cash balances increased by £2.8m to £10.0m. Net current assets increased to £10.3m from £8.4m. Current assets increased by £3.5m to £33.3m, with debtor days reducing to 56 days from 64 days. Current liabilities increased by £1.5m to £23.0m, with creditor days decreasing to 38 days from 44 days at 31 July 2014.

Panel Development

As at 31 July 2015, the Group's online panel comprised a total of 3.7m panellists, an increase of 22% from the total of 3.0m as at 31 July 2014. There was substantial investment in panellist recruitment during the year both to support development of the newer regional panels such as in France and in particular Asia Pacific and to extend the coverage of more mature panels. All the panels grew as a result and the panel sizes by region were:

Region	Panel Size at 31 July 2015	Panel Size at 31 July 2014
UK	752,277	600,106
Middle East	481,036	388,546
Germany	199,200	170,775
Nordic	179,589	140,994
USA	1,596,496	1,526,001
France	132,876	108,723
Asia Pacific	312,833	61,862
Total	3,654,307	2,997,007

Corporate Development Activities

As previously reported, the Group acquired 100% of Doughty Media 2 Limited ("DM2"), which owns 68% of CoEditor Limited, the company that developed the Opigram service, in the year ended 31 July 2014. The purchase consideration payable for DM2 included an element which was contingent upon certain performance criteria being achieved over the two years ended 31 January 2015 and on Stephan Shakespeare and one other vendor (the Opigram manager) remaining in YouGov's employment until 31 January 2015. These conditions were satisfied and therefore the Board (excluding Stephan Shakespeare) approved on 23 March 2015 the issue and allotment to the vendors of a total of 1,810,226 new YouGov shares in accordance with the terms of the sale and purchase agreement.

On 9 February 2015, YouGov entered into an agreement with Portent.io Limited, a start-up business specialising in research and predictive analysis for the film industry under which YouGov has made an initial investment for a 10% shareholding, increasing to a maximum of 35% if YouGov provides further investment in specified tranches over the following year. Portent.io and YouGov intend also to collaborate through the use of YouGov's opinion data in the development of Portent's products. As at 31 July 2015, YouGov's shareholding in Portent.io stood at 25%.

Proposed Dividend

The Board is recommending the payment of a final dividend of 1.0 pence per share for the year ended 31 July 2015. If shareholders approve this dividend at the AGM, it will be paid on 14 December 2015 to all shareholders who were on the Register of Members at close of business on 4 December 2015.

Alan Newman
Chief Financial Officer
12 October 2015

Publication of Non-Statutory Accounts

The financial information relating to the year ended 31 July 2014 set out below does not constitute the Group's statutory accounts for that year but has been extracted from the statutory accounts, which received an unqualified auditors' report and which have not yet been filed with the Registrar.

YOUNGOLV PLC
CONSOLIDATED INCOME STATEMENT

For the year ended 31 July 2015

	Note	2015 £'000	2014 £'000
Revenue	1	76,110	67,375
Cost of sales		(17,472)	(15,811)
Gross profit		58,638	51,564
Operating expenses*		(50,068)	(44,175)
Adjusted operating profit before amortisation of intangible assets and exceptional items	1	8,570	7,389
Amortisation of intangibles		(4,633)	(3,965)
Exceptional items	2	(1,072)	(2,385)
Operating profit		2,865	1,039
Finance income		422	171
Finance costs		(643)	(463)
Share of post-tax profit/(loss) in joint ventures and associates		42	(14)
Profit before taxation	1	2,686	733
Tax credit/(charge)	3	580	(316)
Profit after taxation	1	3,266	417
Attributable to:			
– Owners of the parent		3,240	433
– Non-controlling interests		26	(16)
		3,266	417
Earnings per share			
Basic earnings per share attributable to owners of the parent	5	3.2p	0.4p
Diluted earnings per share attributable to owners of the parent	5	3.1p	0.4p

*Total Operating Expenses in 2015 are £55.773m, including amortisation of intangible assets and the items detailed in Note 2 (2014: £50.525m).

YOUNGOLV PLC
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

As at 31 July 2015

	2015 £'000	2014 £'000
Profit for the year	3,266	417
Other comprehensive expense:		
Items that may be subsequently reclassified to profit or loss		
Currency translation differences	(262)	(4,774)
Other comprehensive expense for the year	(262)	(4,774)
Total comprehensive gain/(expense) for the year	3,004	(4,357)
Attributable to:		
– Owners of the parent	2,982	(4,338)
– Non-controlling interests	22	(19)
Total comprehensive gain/(expense) for the year	3,004	(4,357)

Items in the statement above are disclosed net of tax.

YOUGOV PLC
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the year ended 31 July 2015

Assets	Note	31 July 2015 £'000	31 July 2014 £'000
Non-current assets			
Goodwill	7	35,793	36,329
Other intangible assets	8	10,352	10,321
Property, plant and equipment	9	2,973	2,489
Investments in joint ventures and associates		204	-
Deferred tax assets		4,404	3,120
Total non-current assets		53,726	52,259
Current assets			
Trade and other receivables	10	22,507	21,687
Current tax assets		805	757
Cash and cash equivalents		10,017	7,429
Total current assets		33,329	29,873
Total assets		87,055	82,132
Liabilities			
Current liabilities			
Trade and other payables	11	19,042	17,530
Provisions for other liabilities and charges		3,665	3,127
Borrowings		-	184
Current tax liabilities		276	341
Contingent consideration	12	-	298
Total current liabilities		22,983	21,480
Net current assets		10,346	8,393
Non-current liabilities			
Trade and other payables		3	23
Provisions for other liabilities and charges		685	684
Contingent consideration	12	36	169
Deferred tax liabilities		1,725	1,824
Total non-current liabilities		2,449	2,700
Total liabilities		25,432	24,180
Net assets		61,623	57,952
Equity			
Issued share capital		206	199
Share premium		31,051	31,014
Merger reserve		9,239	9,239
Foreign exchange reserve		5,464	5,722
Retained earnings		15,635	11,755
Total shareholders' funds		61,595	57,929
Non-controlling interests in equity		28	23
Total equity		61,623	57,952

YOUGOV PLC
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 July 2015

	Attributable to equity holders of the Company							
	Share capital £'000	Share premium £'000	Merger reserve £'000	Foreign exchange reserve £'000	Retained earnings £'000	Total £'000	Non-controlling interest in equity £'000	Total equity £'000
Balance at 31 July 2013	195	30,961	9,239	10,493	10,195	61,083	31	61,114
Changes in equity for 2014								
Exchange differences on translating foreign operations	-	-	-	(4,771)	-	(4,771)	(3)	(4,774)
Net loss recognised directly in equity	-	-	-	(4,771)	-	(4,771)	(3)	(4,774)
Profit/(Loss) for the year	-	-	-	-	433	433	(16)	417
Total comprehensive (expense)/gain for the year	-	-	-	(4,771)	433	(4,338)	(19)	(4,357)
Issue of shares	4	53	-	-	-	57	-	57
Purchase of subsidiary with a minority interest	-	-	-	-	-	-	11	11
Dividends paid	-	-	-	-	(586)	(586)	(35)	(621)
Purchase of non-controlling interest in subsidiary	-	-	-	-	(35)	(35)	35	-
Consideration for purchase of subsidiary	-	-	-	-	700	700	-	700
Share-based payments	-	-	-	-	1,048	1,048	-	1,048
Total transactions with owners recognised directly in equity	4	53	-	-	1,127	1,184	11	1,195
Balance at 31 July 2014	199	31,014	9,239	5,722	11,755	57,929	23	57,952
Changes in equity for 2015								
Exchange differences on translating foreign operations	-	-	-	(258)	-	(258)	(4)	(262)
Net loss recognised directly in equity	-	-	-	(258)	-	(258)	(4)	(262)
Profit for the year	-	-	-	-	3,240	3,240	26	3,266
Total comprehensive gain/(expense) for the year	-	-	-	(258)	3,240	2,982	22	3,004
Issue of shares	3	37	-	-	--	40	-	40
Dividends paid	-	-	-	-	(804)	(804)	(17)	(821)
Consideration for purchase of subsidiary	4	-	-	-	500	504	-	504
Share-based payments	-	-	-	-	669	669	-	669
Tax in relation to share based payments	-	-	-	-	275	275	-	275
Total transactions with owners recognised directly in equity	7	37	-	-	640	684	(17)	667
Balance at 31 July 2015	206	31,051	9,239	5,464	15,635	61,595	28	61,623

YOUGOV PLC
CONSOLIDATED STATEMENT OF CASHFLOWS

For the year ended 31 July 2015

	Note	2015 £'000	2014 £'000
Cash flows from operating activities			
Profit before taxation		2,686	733
Adjustments for:			
Finance income		(422)	(171)
Finance costs		643	463
Share of post-tax (profit)/loss in joint ventures and associates		(42)	14
Amortisation of intangibles		4,765	4,120
Depreciation		703	631
Loss on disposal of property, plant and equipment and other intangible assets		49	–
Share based payments		669	547
Other non-cash profit items		94	787
Increase in trade and other receivables		(360)	(1,088)
Increase in trade and other payables		1,009	2,411
Increase in provisions		518	445
Cash generated from operations		10,312	8,892
Interest paid		(14)	(4)
Income taxes paid		(730)	(287)
Net cash generated from operating activities		9,568	8,601
Cash flow from investing activities			
Purchase of subsidiary (net of cash acquired)	6	-	(643)
Acquisition of non-controlling interest in associates		(140)	(28)
Settlement of contingent considerations	12	(330)	(332)
Purchase of property, plant and equipment	9	(1,123)	(1,048)
Purchase of intangible assets	8	(4,631)	(4,723)
Proceeds from sale of plant, property and equipment		-	12
Interest received		2	1
Dividends received from associates		48	55
Net cash used in investing activities		(6,174)	(6,706)
Cash flows from financing activities			
Proceeds from the issue of share capital		40	57
Repayment of borrowings		(28)	(32)
Dividends paid to shareholders		(804)	(586)
Dividends paid to non-controlling interests		(17)	(35)
Net cash used in financing activities		(809)	(596)
Net increase in cash and cash equivalents		2,585	1,299
Cash and cash equivalents at beginning of year		7,245	6,656
Exchange gain/(loss) on cash and cash equivalents		187	(710)
Cash and cash equivalents at end of year		10,017	7,245

YOUGOV PLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 July 2015

Nature of operations

YouGov plc and subsidiaries' ("the Group") principal activity is the provision of market research.

YouGov plc is the Group's ultimate parent company. It is incorporated and domiciled in Great Britain. The address of YouGov plc's registered office is 50 Featherstone Street, London EC1Y 8RT United Kingdom. YouGov plc's shares are listed on the Alternative Investment Market of the London Stock Exchange.

YouGov plc's annual consolidated financial statements are presented in UK Sterling, which is also the functional currency of the parent company.

Basis of preparation

The following financial information does not amount to full financial statements within the meaning of Section 434 of Companies Act 2006. The financial information has been extracted from the Group's Annual Report and Financial Statements for the year ended 31 July 2015 on which an unqualified report has been made by the Company's auditors.

The consolidated financial statements of YouGov plc are have been prepared under the historical cost convention modified for fair values under International Financial Reporting Standards as adopted by the European Union (IFRS). These consolidated financial statements have been prepared in accordance with IFRS, IFRS Interpretations Committee (IFRS IC) and the Companies Act 2006 applicable to companies reporting under IFRS.

Financial statements for the year ended 31 July 2014 have been delivered to the Registrar of Companies; the report of the auditors on those accounts was unqualified and did not contain a statement under Section 498 of the Companies Act 2006. The 2015 statutory accounts will be delivered in due course.

Copies of the Annual Report and Financial Statements will be posted to shareholders shortly and will be available from the Company's registered office at 50 Featherstone Street, London, EC1Y 8RT.

YOUGOV PLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 July 2015

1 SEGMENTAL ANALYSIS

During the year ended 31 July 2014 the Board of Directors (which is the “chief operating decision maker”) primarily reviewed information based on geographic lines but also reviewed information based on product lines. For the year ending 31 July 2015 the Board primarily reviews information based on product lines, Custom Research, Data Products and Data Services, with supplemental geographical information. As a result product lines now form the basis for the segmental analysis with supplemental geographical information.

	Custom Research £'000	Data Products £'000	Data Services £'000	Unallocated £'000	Group £'000
2015					
Revenue	49,901	11,908	14,301	-	76,110
Cost of sales	(13,181)	(2,083)	(2,208)	-	(17,472)
Gross profit	36,720	9,825	12,093	-	58,638
Operating expenses	(30,300)	(7,563)	(7,575)	(4,630)	(50,068)
Operating profit/(loss) before amortisation of intangible assets and exceptional items	6,420	2,262	4,518	(4,630)	8,570
Amortisation of intangible assets					(4,633)
Exceptional items					(1,072)
Operating profit					2,865
Finance income					423
Finance costs					(643)
Share of post-tax profit in joint ventures and associates					41
Profit before taxation					2,686
Taxation					580
Profit after taxation					3,266
Other segment information					
Depreciation	427	83	100	93	703
2014					
Revenue	45,847	9,447	12,081	-	67,375
Cost of sales	(11,310)	(2,340)	(1,981)	-	(15,611)
Gross profit	34,357	7,107	10,100	-	51,564
Operating expenses	(29,178)	(5,289)	(6,125)	(3,583)	(44,175)
Operating profit/(loss) before amortisation of intangible assets and exceptional items	5,179	1,818	3,975	(3,583)	7,389
Amortisation of intangible assets					(3,965)
Exceptional items					(2,385)
Operating profit					1,039
Finance income					171
Finance costs					(463)
Share of post-tax-loss in joint ventures and associates					(14)
Profit before taxation					733
Taxation					(316)
Profit after taxation					417

YOUGOV PLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 July 2015

Other segment information

Depreciation	370	68	68	145	631
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Supplementary information by geography

	2015		2014	
	Revenue £'000	Adjusted* operating profit/(loss) £'000	Revenue £'000	Adjusted* operating profit/(loss) £'000
UK	22,857	5,582	19,359	5,007
USA	25,867	4,647	21,858	3,012
Germany	8,904	887	8,945	503
Nordic	7,476	1,001	7,985	823
Middle East	10,718	1,520	10,126	2,246
France	1,158	145	756	(121)
Asia Pacific	1,419	(397)	169	(268)
Intra-group revenues / unallocated costs	(2,289)	(4,815)	(1,823)	(3,813)
Group	76,110	8,570	67,375	7,389

*Operating profit/(loss) before amortisation of intangible assets and exceptional items.

Revenue by destination

2015	UK £'000	Middle East £'000	Germany £'000	Nordic £'000	USA £'000	France £'000	Asia Pacific £'000	Consolidation and unallocated £'000	Group £'000
External sales	21,669	9,327	8,493	7,373	26,627	1,361	1,260	-	76,110
Inter-segment sales	1,546	160	365	434	1,285	75	79	(3,944)	-
Total revenue	23,215	9,487	8,858	7,807	27,912	1,436	1,339	(3,944)	76,110
2014									
External sales	18,507	8,770	8,647	7,822	22,634	727	268	-	67,375
Inter-segment sales	1,071	131	334	247	1,302	41	1	(3,127)	-
Total revenue	19,578	8,901	8,981	8,069	23,936	768	269	(3,127)	67,375

YOUGOV PLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 July 2015

2 EXCEPTIONAL ITEMS

	2015 £'000	2014 £'000
Restructuring costs	650	1,192
Acquisition related costs	431	1,226
Change in accounting estimation – contingent consideration	(9)	92
Cost of establishing new entities	-	44
Gain on re-measurement of associates on acquisition of control	-	(169)
	1,072	2,385

Restructuring costs in the year are the cost of reorganising the management structure of the US £294,000, Middle East £127,000, UK £116,000, German £67,000 and Nordic £46,000 businesses. These reorganisations have now been completed. Restructuring costs in the prior year were the cost of reorganising the management structure of the Nordic £498,000, US £302,000, German £284,000 and UK £108,000 businesses.

Acquisition related costs in the year comprise:

- £501,000 of contingent consideration that is deemed under IFRS to be staff compensation cost in relation to the acquisition of Doughty Media 2.
- A net credit of £70,000 in relation to the acquisition of Decision Fuel (now trading as YouGov Asia Pacific) including a £124,000 reduction in contingent deemed staff costs, £41,000 of transaction costs and a £13,000 reduction in the fair value of acquired net assets.

Acquisition related costs in the prior year comprise:

- £729,000 in relation to the acquisition of Doughty Media 2 including £699,000 in respect of contingent consideration that is deemed under IFRS to be staff compensation costs and £30,000 of transaction costs.
- £524,000 in relation to the acquisition of Decision Fuel including £286,000 of transaction costs, £163,000 of deemed staff costs and £75,000 of loyalty bonuses.
- A credit of £27,000 in respect of prior year acquisition fees.

The change in estimated contingent consideration in the year is in respect of the Decision Fuel acquisition. The change in the prior year was in respect of the Definitive Insights acquisition.

The cost of establishing new entities in the prior year relates to the professional and regulatory fees incurred in establishing new operations in Kurdistan, Egypt, Saudi Arabia and Indonesia.

In the prior year, the Group acquired an additional 27% equity interest in CoEditor Ltd, this additional equity interest resulted in YouGov Plc acquiring control of CoEditor. Under International Financial Reporting Standard 3, 'Business Combinations' ('IFRS 3'), the interest previously held by the Group was re-measured to its fair value at the acquisition date. This resulted in a gain of £169,000 arising on the revaluation of our existing interest which was included in exceptional items in the income statement.

IFRS 3 requires that the interest should be treated on the same basis as would be required if the acquirer had disposed directly of the previously held interest and then required at fair value. Prior to the acquisition, the interest in CoEditor was proportionally consolidated as disclosed in the 31 July 2013 accounting policies note.

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3 TAX CHARGE

The taxation charge represents:

	2015 £'000	2014 £'000
Current tax on profits for the year	714	458
Adjustments in respect of prior years	(44)	57
Total current tax charge	670	515
Deferred tax:		
Origination and reversal of temporary differences	84	(91)
Adjustments in respect of prior years	(1,350)	(117)
Impact of changes in tax rates	16	9
Total deferred tax credit	(1,250)	(199)
Total income statement tax (credit)/charge	(580)	316

The tax assessed for the year is lower (2014: higher) than the standard rate of corporation tax in the UK.

The differences are explained below:

	2015 £'000	2014 £'000
Profit before taxation	2,686	733
Tax charge calculated at Group's standard rate of 20.67% (2014: 22.33%)	555	164
Variance in overseas tax rates	331	(37)
Impact of changes in tax rates	16	9
Gains not subject to tax	(79)	-
Expenses not deductible for tax purposes	46	225
Tax losses for which no deferred income tax asset was recognised	(86)	12
Adjustments in respect of prior years	(1,394)	(60)
Asset based and non-income related taxes	40	-
Associates results reported net of tax	(9)	3
Total income statement tax charge for the year	(580)	316

On 2 July 2013, the UK corporation tax rate was reduced from 23% to 21% from 1 April 2014 and 20% from 1 April 2015. This change has been substantively enacted at the balance sheet date and, therefore, is included in these financial statements. Further changes to the UK corporation tax rates were announced in the Chancellor's Budget on 8 July 2015. These include reductions to the main rate to 19% from 1 April 2017 and to 18% from 1 April 2020. As these changes had not been substantively enacted at the balance sheet date their effects are not included in these financial statements.

Adjustments in respect of prior periods in the year includes the recognition of £1,206,000 of tax losses incurred in prior years in Germany

4 DIVIDEND

On 15 December 2014, a final dividend in respect of the year ended 31 July 2014 of £804,000 (0.8p per share) (2013: £586,000 (0.6p per share)) was paid to shareholders. A dividend in respect of the year ended 31 July 2015 of 1.0p per share, amounting to a total dividend of £1,029,000 is to be proposed at the Annual General Meeting on 9 December 2015. These financial statements do not reflect this proposed dividend payable

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5 EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the earnings attributable to ordinary shareholders divided by the weighted average number of shares in issue during the year. Shares held in employee share trusts are treated as cancelled for the purposes of this calculation.

The calculation of diluted earnings per share is based on the basic earnings per share, adjusted to allow for the issue of shares and the post-tax effect of dividends and/or interest, on the assumed conversion of all dilutive options and other dilutive potential Ordinary Shares.

The adjusted earnings per share has been calculated to reflect the underlying profitability of the business by excluding the amortisation of intangible assets, share-based payments, imputed interest, impairment charges, exceptional items and any related tax effects.

	2015 £'000	2014 £'000
Profit after taxation attributable to equity holders of the parent company	3,240	433
Add: amortisation of intangible assets	4,633	3,965
Add: share-based payments	669	547
Add: imputed interest	32	32
Add: exceptional costs	1,072	2,385
Tax effect of the above adjustments and adjusting tax items	(2,595)	(1,335)
Adjusted profit after taxation	7,051	6,027

Reconciliations of the earnings and weighted average number of shares used in the calculations are set out below.

	2015	2014
Number of shares		
Weighted average number of shares during the period: ('000 shares)		
– Basic	100,998	98,044
– Dilutive effect of share options	4,051	5,434
– Diluted	105,049	103,478
The adjustments have the following effect:		
Basic earnings per share		
Amortisation of intangible assets	4.6p	4.1p
Share-based payments	0.7p	0.6p
Imputed interest	0.0p	0.0p
Exceptional costs and impairments	1.1p	2.4p
Tax effect of the above adjustments and adjusting tax items	(2.6p)	(1.4p)
Adjusted earnings per share	7.0p	6.1p
Diluted earnings per share		
Amortisation of intangible assets	4.4p	3.9p
Share-based payments	0.7p	0.5p
Imputed interest	0.0p	0.0p
Exceptional costs and impairment	1.0p	2.3p
Tax effect of the above adjustments and adjusting tax items	(2.5p)	(1.3p)
Adjusted diluted earnings per share	6.7p	5.8p

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6 BUSINESS COMBINATIONS AND DISPOSALS

In the previous financial year the following business combinations occurred:

a) Doughty Media 2 Limited (“DM2”)

YouGov acquired 100% of Doughty Media 2 Limited (“DM2”) which owned 68% of CoEditor Limited (“CoEditor”), the company which developed the Opigram service and in which YouGov already owned a 30% shareholding. This acquisition was made in two stages: 40% was acquired in September 2013 and the remaining 60% in December 2013.

Acquisition of 40% shareholding in DM2

On 6 September 2013, YouGov plc purchased a 40% shareholding in DM2 from Freddie Sayers, an Executive Director of CoEditor, for a maximum purchase price of £497,000, £37,000 of this was paid in cash on completion. The remaining balance of £460,000 which had been contingent on Freddie Sayers’ continuing employment (of which £348,000 was also contingent on the achievement of certain performance criteria) was paid in YouGov shares in March 2015. All of the contingent consideration was contingent upon continuing employment and therefore was treated as staff compensation under IFRS with a charge of £165,000 being recognised in the current financial year.

DM2 has a 68% shareholding in CoEditor and following this purchase, YouGov's effective interest in CoEditor increased to 57% which constituted control.

Acquisition of 60% shareholding in DM2

On 20 December 2013, YouGov plc purchased the remaining 60% shareholding in DM2 from Stephan Shakespeare, an Executive Director of YouGov plc on the same terms and conditions agreed for the prior purchase of the 40% shareholding. The maximum purchase price of £744,000 was contingent on Stephan Shakespeare’s continuing employment, of which £521,000 was also contingent on the achievement of certain performance criteria, was paid in YouGov shares in March 2015.

As a result of this transaction YouGov's effective interest in CoEditor increased to 97%.

All of the contingent consideration was contingent upon continuing employment and therefore was treated as staff compensation under IFRS with a charge of £336,000 being recognised in the current financial year.

b) Acquisition of Decision Fuel (“DF”)

On 9 January 2014, YouGov plc purchased a 100% shareholding in Decision Fuel (“DF”), an Asian based research and technology company with offices in Hong Kong, Shanghai and Singapore. The basic purchase consideration payable is the sum of six times the EBITDA of DF in the year ending 31 July 2016 and two times EBITDA (capped at 1.5 times 2016 EBITDA) in the year ending 31 July 2017 less any working capital funding provided by YouGov to DF prior to the end of the performance period. An initial payment of \$1,000,000 (£608,000) was paid upon completion and the balance will be paid in two instalments in December 2017 and December 2018. Approximately 95% of this contingent consideration is contingent upon continuing employment and therefore is being treated as staff compensation under IFRS.

The payments due in 2017 and 2018 are now estimated to total \$0.2m (£0.1m) compared to \$1.5m (£0.9m) at 31 July 2014 resulting in a reduction of £9,000 in the amount treated as consideration and £124,000 in the cumulative staff compensation charge both of these reductions being recognised as exceptional credits in the current year.

Professional fees of £12,000 and loyalty bonuses of £29,000 were incurred during the year ended 31 July 2014 relating to the acquisition and in accordance with IFRS3 (revised) these costs were expensed in that period.

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For the year ended 31 July 2015

7 GOODWILL

	Middle East £'000	USA £'000	Nordic £'000	Germany £'000	CoEditor £'000	Asia Pacific £'000	Total £'000
Carrying amount at 1 August 2013	1,449	17,337	8,682	11,332	-	-	38,800
Additions through business combinations	-	-	-	-	569	657	1,226
Exchange differences	(143)	(1,713)	(792)	(1,031)	-	(18)	(3,697)
Carrying amount at 31 July 2014	1,306	15,624	7,890	10,301	569	639	36,329
Exchange differences	110	1,321	(878)	(1,142)	-	53	(536)
Carrying amount at 31 July 2015	1,416	16,945	7,012	9,159	569	692	35,793
At 31 July 2015							
Cost	1,416	16,945	7,012	9,722	569	692	36,356
Accumulated impairment	-	-	-	(563)	-	-	(563)
Net book amount	1,416	16,945	7,012	9,159	569	692	35,793

In accordance with the Group's accounting policy, the carrying values of goodwill and other intangible assets are reviewed annually for impairment. The cash-generating units (CGUs) are consistent with those segments shown in Note 1. The 2015 impairment review was undertaken as at 31 July 2015. The recoverable amounts of all CGUs have been determined based on value in use calculations. This review assessed whether the carrying value of goodwill was supported by the net present value of future cash flows derived from assets using a projection period of five years for each CGU based on approved budget numbers.

Annual growth rates of 2.25% have been assumed in perpetuity beyond year four. The pre-tax weighted average costs of capital used to discount the future cash flows to their present values are Middle East 10% (2014: 10%), USA 17% (2014: 17%), Nordic 13% (2014: 13%), Germany 15% (2014: 15%) and Asia Pacific 12% (2014: 12%). The compound average revenue growth rates assumed for each CGU were Middle East 6%, USA 14%, Nordic 5%, Germany 9% and Asia Pacific 50%.

Management has considered reasonable possible changes in key assumptions and performed sensitivity analyses under these scenarios. This analysis shows that sufficient headroom exists and would not give rise to any impairment.

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8 OTHER INTANGIBLE ASSETS

	Consumer panel £'000	Software and software development £'000	Customer contracts and lists £'000	Patents and trademarks £'000	Order backlog £'000	Product development costs £'000	Total £'000
At 1 August 2013							
Cost	10,142	10,983	4,963	3,197	232	900	30,417
Accumulated amortisation	(9,255)	(7,215)	(2,022)	(2,013)	(232)	(470)	(21,207)
Net book amount	887	3,768	2,941	1,184	–	430	9,210
Year ended 31 July 2014							
Opening net book amount	887	3,768	2,941	1,184	–	430	9,210
Additions:							
Business combinations	–	1,014	–	–	–	–	1,014
Separately acquired	1,743	540	–	2	–	116	2,401
Internally developed	–	2,315	–	–	–	7	2,322
Amortisation charge:							
Business combinations	–	(169)	(464)	(324)	–	–	(957)
Separately acquired	(706)	(696)	–	–	–	(172)	(1,574)
Internally developed	–	(1,573)	–	–	–	(16)	(1,589)
Exchange differences	(85)	(46)	(271)	(87)	–	(17)	(506)
Closing net book amount	1,839	5,153	2,206	775	–	348	10,321
At 31 July 2014							
Cost	10,917	14,106	4,485	2,907	210	969	33,594
Accumulated amortisation	(9,078)	(8,953)	(2,279)	(2,132)	(210)	(621)	(23,273)
Net book amount	1,839	5,153	2,206	775	–	348	10,321
Year ended 31 July 2015							
Opening net book amount	1,839	5,153	2,206	775	–	348	10,321
Additions:							
Separately acquired	1,455	762	–	38	–	41	2,296
Internally developed	–	2,335	–	–	–	–	2,335
Amortisation charge:							
Business combinations	–	(206)	(465)	(317)	–	–	(988)
Separately acquired	(1,102)	(683)	–	–	–	(133)	(1,918)
Internally developed	–	(1,842)	–	–	–	(17)	(1,859)
Disposals	–	(12)	–	–	–	–	(12)
Exchange differences	5	82	108	(30)	–	12	177
Closing net book amount	2,197	5,589	1,849	466	–	251	10,352
At 31 July 2015							
Cost	12,182	16,329	4,576	2,869	–	988	36,944
Accumulated amortisation	(9,985)	(10,740)	(2,727)	(2,403)	–	(737)	(26,592)
Net book amount	2,197	5,589	1,849	466	–	251	10,352

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9 PROPERTY, PLANT AND EQUIPMENT

	Freehold property £'000	Leasehold property improvements £'000	Computer equipment £'000	Fixtures and fittings £'000	Motor vehicles £'000	Total £'000
At 1 August 2013						
Cost	1,449	376	2,439	1,018	74	5,356
Accumulated depreciation	(223)	(312)	(1,803)	(707)	(55)	(3,100)
Net book amount	1,226	64	636	311	19	2,256
Year ended 31 July 2014						
Opening net book amount	1,226	64	636	311	19	2,256
Additions:						
Business combinations	–	–	16	4	–	20
Separately acquired	–	447	400	134	67	1,048
Disposals	–	–	(1)	–	(12)	(13)
Depreciation	(59)	(35)	(428)	(92)	(17)	(631)
Exchange differences	(119)	(8)	(37)	(24)	(3)	(191)
Closing net book amount	1,048	468	586	333	54	2,489
At 31 July 2014						
Cost	1,305	799	2,443	1,100	72	5,719
Accumulated depreciation	(257)	(331)	(1,857)	(767)	(18)	(3,230)
Net book amount	1,048	468	586	333	54	2,489
Year ended 31 July 2015						
Opening net book amount	1,048	468	586	333	54	2,489
Additions:						
Separately acquired	–	337	468	294	24	1,123
Disposals	–	–	–	(37)	–	(37)
Depreciation	(49)	(130)	(385)	(117)	(22)	(703)
Exchange differences	88	3	2	3	5	101
Closing net book amount	1,087	678	671	476	61	2,973
At 31 July 2015						
Cost	1,416	1,011	2,376	1,302	103	6,208
Accumulated depreciation	(329)	(333)	(1,705)	(826)	(42)	(3,235)
Net book amount	1,087	678	671	476	61	2,973

All property, plant and equipment disclosed above, with the exception of those items held under lease purchase agreements, are free from restrictions on title. No property, plant and equipment either in 2015 or 2014 has been pledged as security against the liabilities of the Group.

The net book value of assets held under finance leases is as follows:

	Freehold property £'000	Leasehold property improvements £'000	Computer equipment £'000	Fixtures and fittings £'000	Motor vehicles £'000	Total £'000
At 31 July 2014						
Cost	–	–	54	31	–	85
Accumulated depreciation	–	–	(14)	(6)	–	(20)
Net book amount	–	–	40	25	–	65
At 31 July 2015						
Cost	–	–	48	28	–	76
Accumulated depreciation	–	–	(32)	(8)	–	(40)
Net book amount	–	–	16	20	–	36

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10 TRADE AND OTHER RECEIVABLES

	31 July 2015 £'000	31 July 2014 £'000
Trade receivables	13,957	13,547
Other receivables	1,056	786
Prepayments and accrued income	7,729	7,584
	22,742	21,917
Provision for trade receivables	(235)	(230)
	22,507	21,687

The Directors consider that the carrying amount of trade and other receivables approximate to their fair value.

As at 31 July 2015, trade receivables of £7,408,000 (2014: £6,081,000) were overdue but not impaired. These relate to a number of customers for which there is no recent history of default or any other indication that the receivable should not be fully collectible. The ageing analysis of past due trade receivables which are not impaired is as follows:

	31 July 2015 £'000	31 July 2014 £'000
Up to three months overdue	3,846	4,206
Three to six months overdue	2,186	960
Six months to one year overdue	954	603
More than one year overdue	422	312
	7,408	6,081

Movement on the Group provision for impairment of trade receivables is as follows:

	2015 £'000	2014 £'000
Provision for receivables impairment at 1 August	230	150
Provision created in the year	189	201
Provision utilised in the year	(194)	(109)
Exchange differences	10	(12)
Provision for receivables impairment at 31 July	235	230

The creation and release of the provision for impaired receivables has been included in the consolidated income statement. The other classes within trade and other receivables do not contain impaired assets. The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The Group does not hold any collateral as security.

The average length of time taken by customers to settle receivables is 56 days (2014: 64 days). Concentrations of credit risk do exist with certain clients with which we have trading relationships but none has a history of default and all command a certain stature within the marketplace which minimises any potential risk of default. Material balances (defined as greater than £250,000 (2014: greater than £250,000)) represent 28% of trade receivables (2014: 26%).

At 31 July 2015, £397,000 (2014: £474,000) of the trade and other receivables of YouGov Nordic and Baltic A/S were used as security against a loan and revolving overdraft facility held by YouGov Nordic and Baltic A/S.

11 TRADE AND OTHER PAYABLES

	31 July 2015 £'000	31 July 2014 £'000
Trade payables	2,354	3,102
Accruals and deferred income	13,574	12,252
Other payables	3,114	2,176
	19,042	17,530

YOUNG OV PLC
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12 CONTINGENT CONSIDERATION

	Definitive Insights £'000	Decision Fuel £'000	Total £'000
At 1 August 2013	551	-	551
Settled during the year	(314)	(18)	(332)
Provided during the year	92	189	281
Discount unwinding	18	1	19
Foreign exchange differences	(49)	(3)	(52)
Balance at 31 July 2014	298	169	467
Included within current liabilities	298	-	298
Included within non-current liabilities	-	169	169
Settled during the year	(330)	-	(330)
Released during the year	-	(133)	(133)
Discount unwinding	8	-	8
Foreign exchange differences	24	-	24
Balance at 31 July 2015	-	36	36
Included within current liabilities	-	-	-
Included within non-current liabilities	-	36	36