

# ASX Release

FOR IMMEDIATE RELEASE

26 October 2017

## Business and FY18 trading update

Isentia (ASX:ISD) announces that it will exit its King Content business. It has also reached settlement in relation to the Meltwater court case. The Company has also updated 1QFY18 trading, and provided FY18 revenue and earnings guidance.

### Exit King Content and refocus on core business

Following the Board's decision at year end to write down the value of King Content, management has continued to closely monitor and review the performance of the content marketing business. At the FY17 result, Isentia's management set a clear objective for King Content; that it would be at least EBITDA neutral in FY18. Given its continued underperformance, Isentia has commenced the process of exiting the business, which is expected to be completed by 2017 year end.

MD & CEO of Isentia John Croll said: "Our decision regarding King Content has been resolved and management will ensure a smooth and orderly transition for clients and employees. Going forward our focus remains on the core operating business of Isentia."

### Settlement of Federal Court Proceedings against Meltwater

Isentia has today reached a settlement with Meltwater in proceedings brought by Isentia in the Federal Court of Australia. Those proceedings concerned Meltwater's use of Isentia's services and claims under Australian Consumer Law.

As part of otherwise confidential settlement terms, Meltwater, without admitting any further liability, has agreed to permanent orders to restrain them from engaging in conduct which was the subject of Isentia's claims.

John Croll said: "Today's settlement is a good outcome and we are pleased that this matter has been successfully concluded."

### Trading update

Trading conditions in 1QFY18 have been mixed as Isentia continues to respond to the revenue pressures that arose from higher customer churn in 1HFY17 and flowed through to 2HFY17 earnings.

Revenue overall is down on a mid-single-digit percentage basis compared to the previous calendar period. The revenue trend has however stabilized from 4QFY17 into 1QFY18.

Management has implemented the following initiatives to address revenue growth and churn:

- The reorganisation of the sales team has been completed to concentrate on customer retention and growth and;
- A renewed focus on our premium products to ensure that they continue to lead the market. The ongoing enhancement of Isentia's Mediaportal capability has been well received by clients.

The Asian business has been tracking to plan with improving organic revenue growth in this market.

In light of the soft first quarter results, management has commenced a thorough review of the cost structure required to support the core business across media intelligence and insights. The benefits of this cost efficiency program will not have a material impact on FY18 earnings. In addition after two years of significant product development, capex is expected to return to lower levels in FY18.

#### **FY18 Guidance**

Isentia informed the market at the FY17 results that FY18 earnings guidance would be provided at the 2017 AGM. Due to soft trading in 1QFY18, the company is today providing FY18 guidance of revenue of \$133m-\$138m and EBITDA of \$32m-\$36m. These figures assume no earnings contribution in FY18 from King Content.

John Croll said: "The decisions by Board and management today have been made with the key objective of supporting the core operating business that continues to generate strong recurring cash flows servicing a deep pool of high quality subscription clients across our markets.

Our sales force reorganisation is delivering good results across client retention, and during a transition year for the business our focus is on initiatives to maintain our market leadership position in business media intelligence and insights."

#### **Investor Conference Call**

Isentia MD & CEO John Croll and CFO James Orlando will host a conference call with the investment community including a Q&A session at 9.00am AEDT today (Thursday 26 October 2017). Dial-in details for the teleconference are as follows:

Conference ID: 822889

Audio Access Dial in numbers:

**Australia Toll Free**

**1 800 558 698**

**Alternate Australia Toll Free**

**1 800 809 971**

Australia Local Number	+612 9007 3187	New Zealand	0800 453 055
China Wide	4001 200 659	Norway	800 69 950
Belgium	0800 72 111	Philippines	1800 1110 1462
Canada	1855 8811 339	Singapore	800 101 2785
France	0800 913 848	South Korea	00 798 142 063 275
Germany	0800 182 7617	Sweden	020 791 959
Hong Kong	800 966 806	South Africa	800999976
India	0008 0010 08443	Switzerland	800820030
Indonesia	001 803 019 3275	Taiwan	008 0112 7397
Ireland	1800 948 625	Thailand	001800 156 206 3275
Italy	800 793 500	UAE	8000 3570 2705
Japan	0053 116 1281	United Kingdom	0800 051 8245
Malaysia	1800 816 294	United States	1855 8811 339
Netherlands			0800 020 0715

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#### About Isentia

Isentia (ASX:ISD) is APAC's leading integrated Media Intelligence and Insights business with operations in 11 countries. Isentia blends market-leading monitoring experience with analytics to help the world's biggest brands uncover the whole picture – and act on it. Powered by cutting-edge technology and a team of world class experts, our mission is to help businesses leap-forward where only genuine insight can take them. To find out more about how we inform better decisions, please visit

**[www.isentia.com](http://www.isentia.com)**