# ASX Release

**FOR IMMEDIATE RELEASE** **23 November 2017**

## 2017 Annual General Meeting – Chairman and CEO Addresses

In accordance with ASX Listing Rule 3.13 attached are the Chairman's and CEO's addresses together with presentation slides which will be delivered at the Annual General Meeting commencing at 11.00am today.

**Jacquie Shanahan**
Company Secretary

**For more information:**


| Investors | Media |
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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**

Isentia Group Limited
Annual General Meeting
23 November 2017

## Chairman's Address

***Slide 2 – 2017 AGM Chairman's Address***

Good morning and I would like to welcome you all to Isentia's Annual General Meeting, the fourth AGM for shareholders since the company listed on the ASX in 2014.

***Slide 3 – FY17 Results Overview***

FY17 was a mixed year for Isentia. Revenue was slightly below the prior year with strong growth in Asia and our Insights business largely offsetting a decline in revenue from King Content.

Revenue from our Australia and New Zealand media intelligence business was marginally higher year on year which was a good result given the impact of Isentia's increased copyright costs. This cost increase led to an uneven competitive landscape as our competitors did not face the same cost hike. This limited our ability to pass it on to our customers and resulted in a higher rate of customer churn.

FY17 EBITDA of $41.5m fell by 19% largely due to these factors and a $4.4m loss at King Content. Underlying NPATA of $24.7m was 24% lower than the previous year.

The FY17 results highlighted once again the strong cash flow generation of Isentia's business. Operating cash flow of $33.7m was up from $30.8m in FY16. This allowed us to pay down debt: net debt declined to $51.7m at 30 June 2017 from $56.4m on 31 December 2016. Our solid balance sheet is further reflected in a modest leverage ratio of 1.3 times.

The Board declared a final dividend of 3.08 cents per share that was 50% franked. This represented a 50% payout of underlying net profit after tax and amortisation.

Turning now to King Content, we announced on 26 October 2017 that we would exit the business by the end of calendar 2017. The rationale for the King Content acquisition was to diversify into content marketing, which was one of the fastest growing segments of the marketing and communications industry. At the time, we conducted a thorough legal, financial and commercial due diligence and management spent significant time building their knowledge of the business.

Despite these safeguards and some encouraging progress with King Content in FY16, there was deterioration in the financial performance of the business throughout FY17. This led to a non-cash impairment charge of $39.4m in June 2017 and the setting of a clear objective for the business; that it had to be EBITDA neutral in FY18.

When it became clear in the first quarter of FY18, that this benchmark would not be met, your Board made the difficult decision to exit the business. We are assessing what went wrong - yet at this stage it is clear that the cultural fit of the two businesses did not work and the non-subscription, campaign-style of client work resulted in an unpredictable revenue stream. We believe the decision to exit the King Content business was the right one. Our overarching objective now is to focus on our core media intelligence and insights business and rebuild shareholder value.

On another matter, we also announced on 26 October 2017 that the court action against a competitor who was illegally accessing our content had been settled. In June 2017, we commenced proceedings in the Federal Court of Australia making claims against this company under Australian Consumer Law. The Board believed that decisive action was needed to protect our intellectual property and competitive positioning. The settlement was important and has been a catalyst in stabilising the Australian media intelligence market.

Many of you will be aware that I am retiring from the Board at the conclusion of today's meeting. On 9 November 2017, the Board announced the appointment of Mr Doug Snedden as a Non-Executive Independent Director and Chair of the Board. This will take effect at the conclusion of today's AGM and Doug will stand for re-election at the next annual general meeting.

I believe Doug is the ideal candidate to take the company forward and will provide sound leadership and guidance to both the Board and management team. He has extensive executive and directorship experience. He is currently an Independent Non-Executive Director at OFX Limited, and Chairman of not-for-profit organisations, Chris O'Brien Lifehouse and Odyssey House McGrath Foundation. Doug has also had an impressive executive career working for 28 years with Accenture in a range of senior positions, including Managing Director and Partner of the Australian business.

I would like to thank the Board for their support over the past four years. It has been an honour to serve as Isentia's Chairman.

On behalf of the Board, I would also like to take this opportunity to thank the Isentia executive team and the 1,200 plus team members across 11 countries for their continued hard work and dedication to the company.

Finally, although FY17 was in some respects a difficult year, our core business remains strong – competitive pressures in the ANZ market have eased, and our Asian and Insights businesses continue to deliver solid growth. Isentia remains a high cash flow business with strong predictability of revenues and a solid balance sheet.

More importantly, we have addressed many of the challenges that affected performance in FY17 and the Board is confident that the key investment drivers of the business remain firmly in place.

Isentia remains a market leader providing many of the world's biggest organisations with time-critical and highly relevant media intelligence services. Every day its platforms are used to deliver information, reports and alerts to industry leaders, company directors, senior executives and government ministers as well as clients that include the world's leading brands.

And these essential elements are the foundation on which John and his team have refocused in FY18.

I will now hand over to your Managing Director and CEO, John Croll.

## CEO Address

***Slide 4 – 2017 AGM Managing Director & CEO Address***

Good morning ladies and gentleman. I would like to add my welcome to that of the Chairman's, to all shareholders and employees at Isentia's Annual General Meeting.

As the Chairman has already outlined, the 2017 financial year was a difficult one for us. The acquisition of King Content, for which we held high hopes, ultimately proved to be deeply disappointing. As CEO, I take ownership of this issue. I can assure you that an orderly process of winding down the business is occurring. More importantly, I want to emphasise that King Content sat outside our core business of media intelligence and insights and as such it has had a limited impact on its operations. However, King Content was costly in terms of Board and management time and the decision to exit enables us to refocus fully on our core business.

Within this core business, our Asian and Insights divisions continued to perform well in FY17. In Australia and New Zealand, we managed to record a slight increase in revenue despite a tough competitive environment.

I want to reiterate what the Chairman said about getting back to what we are best at. We know what we are good at, and we know why we are market leaders. It is my job to consolidate our market leadership position by delivering the best media intelligence service to our customers, day in, day out. I am confident this will deliver better returns for our shareholders.

***Slide 5 – Our value proposition***

Before we look further into the business, I would like to reiterate what our value proposition is. First, it is based on delivering comprehensive, accurate, relevant and real-time media intelligence to our clients every day of the week.

Scale is what differentiates us from our competitors and this scale is derived from a unique, deeper and broader data offering across all media including print, broadcast, social and online; which in turn allows Isentia to provide a premium platform and products to our customers through Mediaportal.

While Mediaportal is a market leader, it means very little without the back-up of an extremely high standard of customer servicing from our teams across Asia Pacific. Our people are not only focused on service, but on client success as is demonstrated by our high customer Net Promoter Scores.

Each day we come to work to deliver information that helps our clients make better decisions. Remaining relevant to client campaigns and their marketing strategies goes to the heart of our Research and Insights products.

*Slide 6 – Market leader in Asia-Pacific*

Turning now to our core business, where we remain the leading provider of media intelligence in the Asia-Pacific with a 27% share of the market.

We operate across 11 countries in this region which vary greatly in terms of market dynamics. We have developed strong individual data and insights in these markets which provide a solid foundation on which to further grow these businesses.

*Slide 7 – Most Comprehensive Data Set*

Our clients need to be fully informed and to provide this level of service you need scale for hundreds or thousands of clients. Isentia's market-leading position allows us to invest in the most comprehensive data set across the region.

Across mainstream and social media, Isentia delivers accurate and relevant information using proprietary search technology and filters. This relevant data is relied on by corporate and government clients across the region.

There is no other media intelligence business in the region with this reach, which is invaluable to our clients. Our long-term relationships and in-depth understanding of our clients' data needs are also important points of differentiation with our competitors.

*Slide 8 – Key opportunities*

In 2016, the global media intelligence market was estimated to be worth over US$3.1bn and had grown by 6.6% on the prior year.

The social media segment recorded the strongest growth and represents an area of real opportunity as we further develop our social offering on Mediaportal and grow our share of wallet.

The shift from paid to earned media is also driving the growth in media intelligence as traditional media advertising continues to decline. We are well positioned to benefit from this trend.

Within Asia, the media intelligence markets remain under-penetrated and highly fragmented with many small local players. We are well positioned to expand in these markets via bolt-on acquisitions and take part in the consolidation that is to come.

*Slide 9 – Focus on core business*

Turning to our core businesses, we have taken several measures to improve our competitive positioning.

In Australia and New Zealand, we have spent time reorganising our sales and client success teams and these clearer structures have been delivering good results, particularly in regards to client retention.

As mentioned, the competitive situation has stabilised following the upheavals caused by the copyright cost increase, which created an uneven playing field, as this increase did not apply to our competitors.

We know that our copyright costs for FY18 are fixed at the same rate as FY17, which provides certainty for this fiscal year.

In Asia, we have successfully integrated the acquisition in South Korea and opened a new office in Taiwan. We have invested in the sales team to drive organic growth and have successfully rolled out Mediaportal in South Korea and Taiwan.

***Slide 10 – Investment in new products***

We have continued to invest in technology as a fundamental platform for business growth and service enhancement and to provide a springboard into new markets. We have made several important enhancements to our technology platforms in the past year which include:

- Delivering a cloud-based version of Mediaportal which has proved popular with our clients, updated the Reports functionality and launched a new version of our mobile app that enables real-time access to our media intelligence.
- Transforming our back-end systems to manage high-scale content volumes in multiple languages for key growth markets.

The rollout of Stories – a product that brings social and mainstream media together in a single newsfeed – is in progress. The product concept is popular with clients who are trialling the technology at present.

Following a couple of years of intensive product development, we expect capital expenditure to return to more normal levels in FY18.

***Slide 11 – Strong cash flow generation***

Before turning to our FY18 outlook I want to remind shareholders of one of the most attractive features of Isentia, and that is its strong cash flow generation.

73% of revenue from our core business is recurring and operating cash flow increased in FY17 allowing us to reduce debt in the second half despite a challenging competitive environment.

***Slide 12 – FY18 Full Year Outlook***

Looking ahead to FY18, we aim for our exit from King Content to be completed by the end of the calendar year.

ANZ revenue has stabilised and there is organic growth in Asia.

Our Insights business continues to show strong growth across both ANZ and Asia.

We confirm the FY18 guidance that we recently delivered to the market of revenue of $133-138m and EBITDA of $32-36m. These figures assume no earnings contribution in FY18 from King Content.

***Slide 13 – Year in Review – 2017 Awards***

This year our achievements have been recognised with a number of awards.

We were delighted to be included as one of Australia's Top 50 Most Innovative Companies by the *Australian Financial Review* for a suite of product innovations that were added to our Mediaportal platform.

We were also named "Company of the Year" by the AMEC for the third consecutive year in a row. This award and the many others we have received over the years recognises the quality and depth of our media analysis as well as the excellence of our people.

I would also like to acknowledge and thank our hard-working, skilled and committed team at Isentia. It has been a challenging year but they have performed exceptionally well for our clients and navigated the upheavals caused by a difficult competitive environment.

***Slide 14 – Expertise - Impact***

In summary, I am very optimistic about the future of Isentia.

We have cauterised an acquisition and are focused on restoring growth in the underlying business.

Through the courts we have protected our valuable IP from competitors, ensuring our value proposition stays with Isentia.

We have made some very important hires including appointing a new CFO, James Orlando, who is bringing rigour and discipline to our balance sheet and capital management initiatives.

I am extremely enthusiastic to be working with our incoming Chairman Doug Snedden, and I look forward to collaborating with Doug and the Board as we knuckle down for what I've described to investors as an extremely important transition year for the business.

Most importantly, I come to work and see the value Isentia delivers every day. When I know industry leaders, politicians and Board Directors are looking at Isentia's product, first thing, every day, I know we have a highly relevant offering and a great position to build from.

Thank you

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23 NOVEMBER 2017

# 2017 ISENTIA ANNUAL GENERAL MEETING

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perspective momentum

23 NOVEMBER 2017

# 2017 AGM CHAIRMAN’S ADDRESS

Doug Flynn – Chairman

# FY17 RESULTS OVERVIEW

| $m | FY17 | FY16 | Variance |
|---|---|---|---|
| Revenue | 155.1 | 156.0 | (1%) |
| EBITDA | 41.5 | 51.0 | (19%) |
| Underlying NPATA | 24.7 | 32.6 | (24%) |
| | | | |
| Operating Cash flow | 33.7 | 30.8 | 9% |

23 NOVEMBER 2017

# 2017 AGM MANAGING DIRECTOR AND CEO ADDRESS

John Croll - Managing Director & Chief Executive Officer

# OUR VALUE PROPOSITION

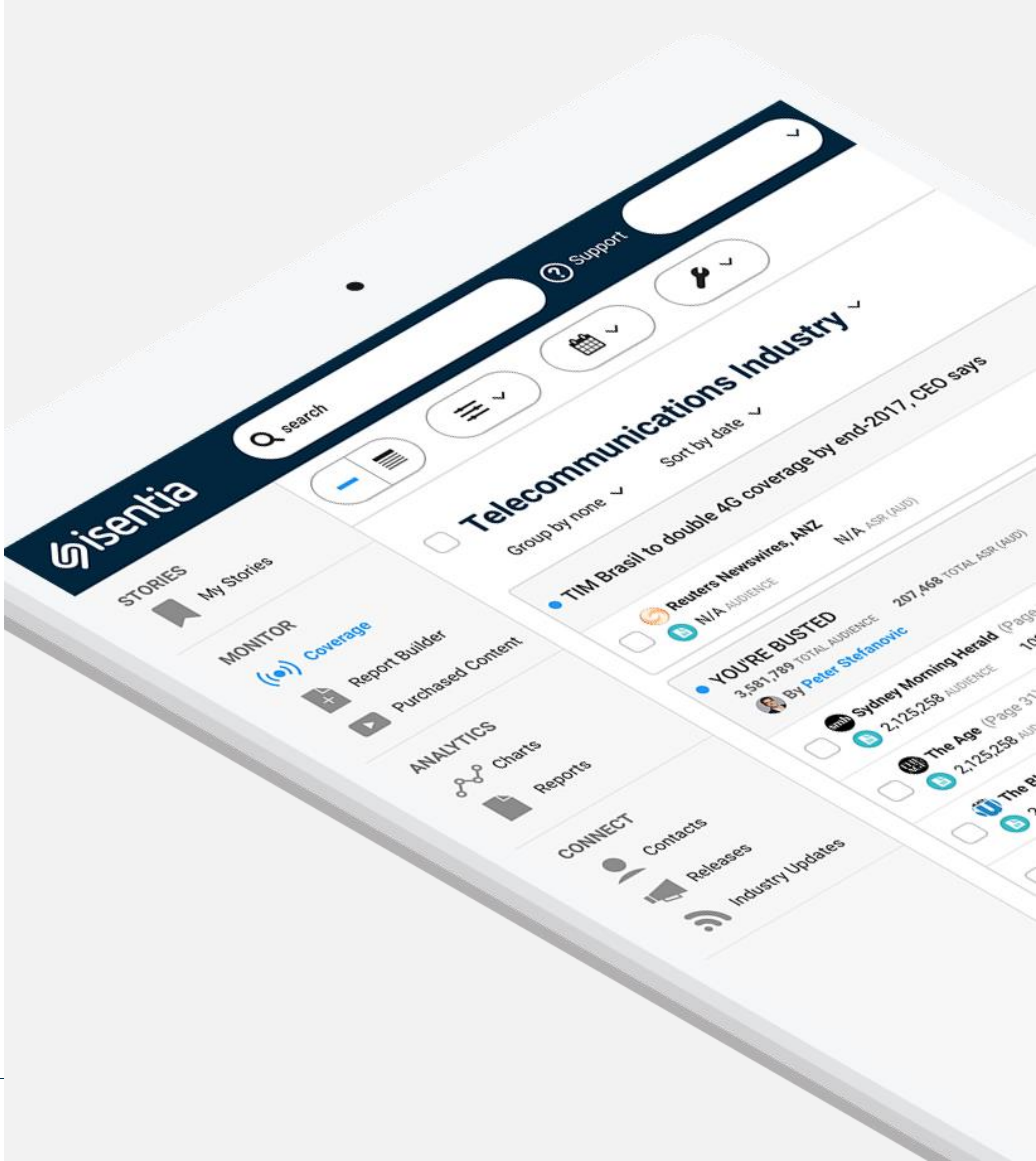
isentia

- Comprehensive, accurate, relevant and timely media intelligence
- Premium Mediaportal platform and first-in-class products
- Emphasis on client success from dedicated customer experience teams
- Research and Insights delivers meaningful analysis across media, consumer opinion and sentiment which informs organisational decision-making

# MARKET LEADER IN ASIA-PACIFIC

- Isentia leads Asia-Pacific market with a 27% share*
- Our clients include government departments, industry bodies, ASX200 companies, small to medium businesses, educational institutions as well as 84 of the top 100 global brands

*Burton-Taylor International Consulting 2017



# MOST COMPREHENSIVE DATA SET

**11** countries

**13,000** broadcast summaries daily

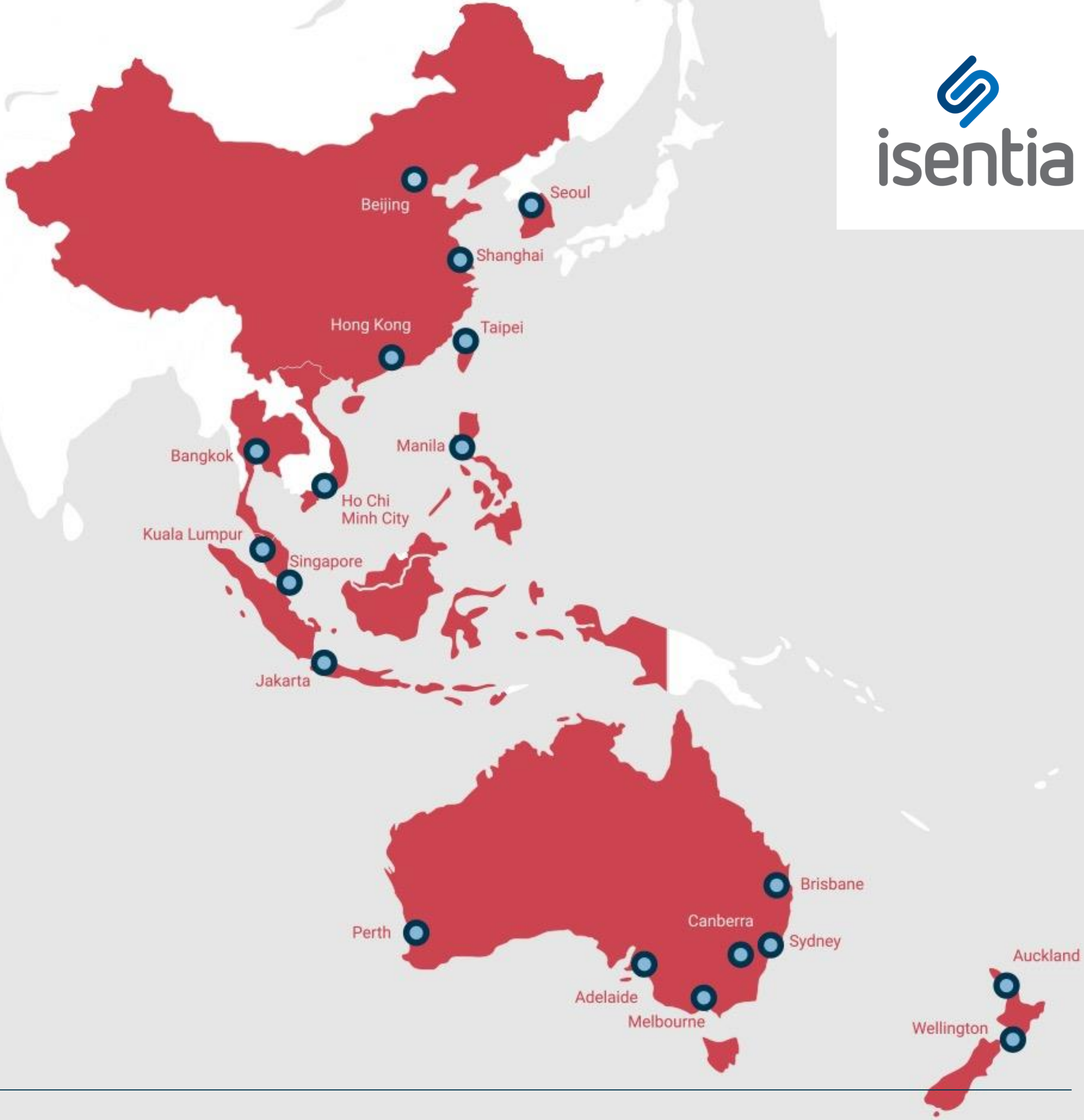
**30,000** print items daily

**300,000** FB comments/posts daily

**1,200,000** online news items daily

**3,200,000** forum posts daily

**4,500,000** tweets daily



# KEY OPPORTUNITIES

- Develop greater capability and share of wallet from social listening and insights
- Shift from paid to earned media driving demand for media intelligence
- Under-penetrated and fragmented Asian markets with many small local players

# FOCUS ON CORE BUSINESS

## ANZ

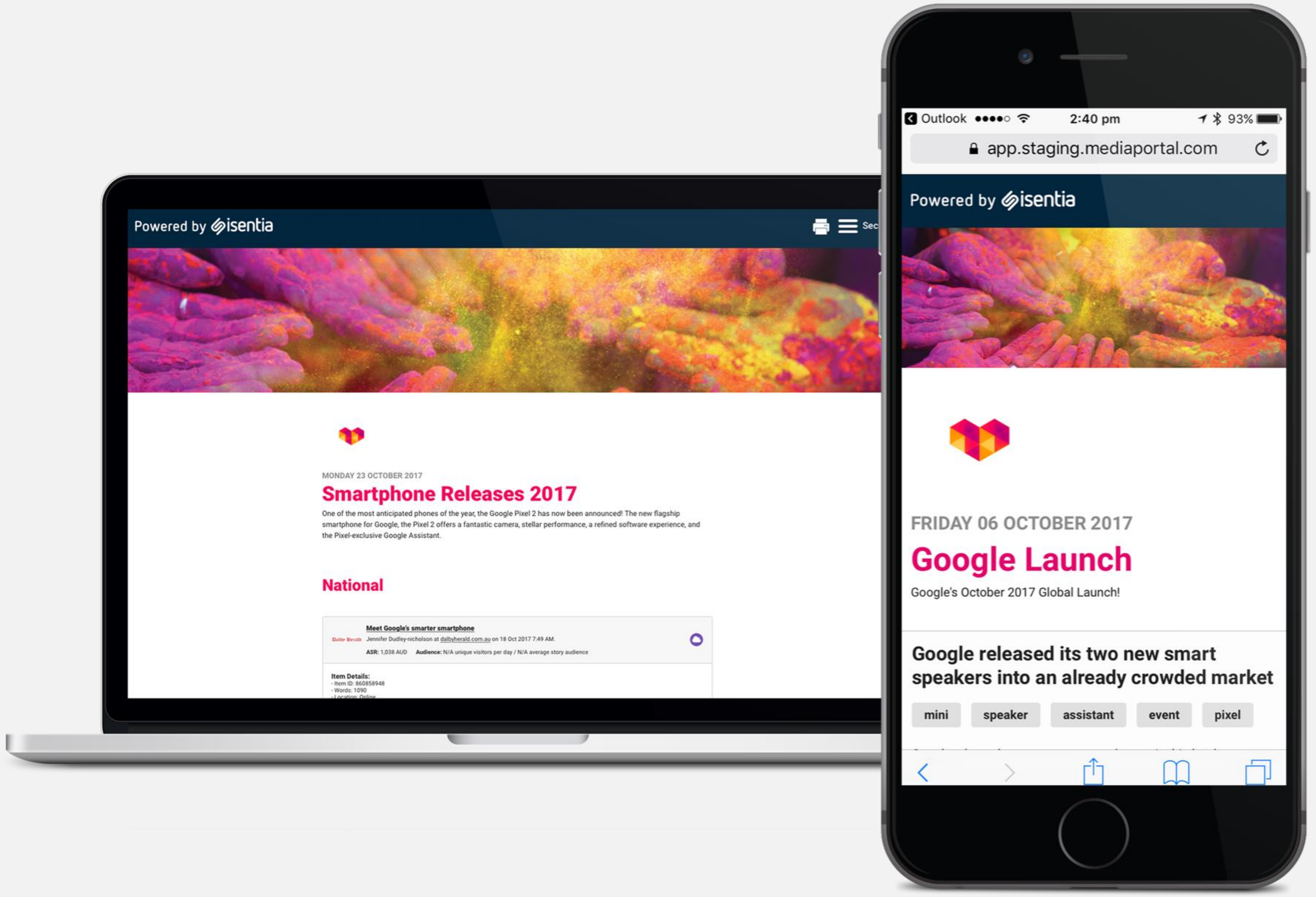
- Sales and client success teams reorganised: further investment in new business development and client retention
- Competitive situation is stable
- Copyright costs are flat

## Asia

- Invest in sales teams to drive organic revenue growth
- Successful integration of recent acquisitions
- Opportunity to leverage Mediaportal following rollout in South Korea and Taiwan

# INVESTMENT IN NEW PRODUCTS

- Ongoing enhancements to Mediaportal platform: Reports & Alerts, mobile app
- Successful delivery of Mediaportal into South Korea and other Asian markets
- Stories rollout in progress




FINANCIAL REVIEW 2017 most INNOVATIVE companies

# STRONG CASH FLOW GENERATION

- 73% of revenue is recurring
- Operating cash flow of $33.7m (FY17) up from $30.8m (FY16)
- Net debt reduced to $51.7m (30/6/17) from $56.4m (31/12/16)

# FY18 FULL YEAR OUTLOOK

isentia

- Aim to complete King Content exit by end calendar 2017
- ANZ revenue stabilised and organic revenue growth in Asia
- Insights business showing strong growth across ANZ and Asia
- Confirm FY18 guidance: revenue $133-138m and EBITDA $32-36m

# YEAR IN REVIEW - 2017 AWARDS

- One of AFR’s 50 Most Innovative Companies
- Received 8 awards at 2017 AMEC Awards including *Company of the Year* for the third consecutive year
- Most awarded Member of AMEC*

FINANCIAL REVIEW 2017 most INNOVATIVE companies

*AMEC is the International Association for the Measurement and Evaluation of Communication


isentia


expertise


isentia
impact

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All amounts are in Australian dollars.

All references starting with FY refer to the financial period ended 30 June. For example, FY17 refers to the period ended 30 June 2017.