

ASX Release

FOR IMMEDIATE RELEASE

26 February 2018

Isentia reports 1H FY18 financial results

- Statutory revenue of \$70.8m, Media Intelligence¹ revenue of \$67m
- EBITDA of \$11.9m, Media Intelligence EBITDA of \$15.7m
- NPATA of \$2.2m, Underlying NPATA of \$2.6m
- Strong operating cash flow of \$15.4m
- Net debt of \$50.5m was down from \$51.7m at 30 June 2017. Leverage ratio 1.6x
- Content marketing exit completed by 31 December 2017 with an after tax loss of \$11.9m
- Interim dividend of 0.647 cents per share, fully franked
- Updated FY18 revenue guidance to \$133-136m for media intelligence business (excludes content marketing). EBITDA guidance of \$32-36m is unchanged
- Managing Director and CEO John Croll resigns giving six months notice

Isentia Group Limited (ASX: ISD) today released its financial results for the six months to December 2017.

On a statutory basis, revenue was \$70.8m (\$79.6m pcp) and media intelligence revenue was \$67m (\$72.1m pcp). Revenue growth was impacted by the operating environment in ANZ which was partially offset by growth in Asia's value added services (VAS). EBITDA was \$11.9m (\$20.5m pcp) and media intelligence EBITDA was \$15.7m (\$22.5m pcp). The exit from the content marketing business was completed to schedule by 31 December 2017 with an after tax loss of \$11.9m.

Isentia Managing Director and CEO John Croll said: "1H FY18 has been a challenging six months but our value proposition remains strong. The exit from content marketing allows us to focus on improving the profitability of our media intelligence business. The cash flow generation of our subscription model was once again evident this half as operating cash flow increased and net debt was reduced.

"We are the number 1 media intelligence business in Australia and the preferred supplier for a large pool of blue chip clients across the Asia-Pacific region. Our core media intelligence product is a highly relevant and essential service. Our product roadmap is focused on improving our social media listening capability to deliver the only full integrated media intelligence service."

¹ Media Intelligence includes SaaS and VAS businesses only

FY18 Priorities

Mr Croll said: “We are focused on a number of initiatives that will improve Isentia’s operating performance.

- Annualised gross cost savings of \$5-7m have been identified and are being actioned. We expect to realize the benefit of these actions as we exit FY18.
- Copyright negotiations for media intelligence companies are moving to the Copyright Tribunal with an industry-based licensing agreement the most likely outcome which would bring parity to the market.
- We will further develop our share of social listening spend through the rollout of product enhancements via our Mediaportal platform.”

Australia / New Zealand results

Statutory revenue was \$51.8m (\$59.8m pcp) and Media Intelligence revenue was \$49.6m (\$55.8m pcp). Revenue was affected by the operating environment and comparisons with the prior corresponding period which included a price increase following the implementation of a new copyright contract. In addition, 1H FY17 VAS included Two Social revenue of \$1.1m which was exited in FY18. Media Intelligence EBITDA was \$19.5m (\$23.7m pcp).

Asia results

Statutory revenue decreased by 4% to \$19m due to the inclusion of content marketing in the prior period. Media Intelligence revenue rose by 6.1% to \$17.4m. On a constant currency basis, revenue growth was 8.1% driven by VAS growth in expanding North Asian markets. Media Intelligence EBITDA was \$2.3m (\$3.9m pcp). This decline reflected a changing revenue mix with lower margin VAS sales accounting for a higher percentage of the total.

Content Marketing

Isentia’s exit from the content marketing business was completed by 31 December 2017. An after tax loss of \$11.9m was recorded.

Balance sheet and cash flow

Isentia’s balance sheet remains strong with net debt of \$50.5m compared to \$51.7m at 30 June 2017. With a gearing ratio of 1.6x and interest cover of 12.9x, Isentia has significant covenant headroom on its debt facility.

In 1H FY18, net cash increased by \$5m vs pcp and operating cash flow was \$15.4m (\$14m in 1H FY17). Isentia continues to generate steady cash flow from its media intelligence business due to its stable contracted customer base. In 1H FY18, 72% of Isentia’s revenue was recurring.

FY18 Guidance

FY18 revenue guidance is updated to \$133-136m for the media intelligence business (excluding content marketing). EBITDA guidance of \$32-36m is unchanged.

Resignation of Managing Director and Chief Executive Officer

Isentia has also announced today the resignation of its Managing Director and Chief Executive Officer, John Croll. Mr Croll has given six months notice so that an orderly transition can occur. The Board is going to undertake a global search for his replacement. (For more information, refer to separate ASX announcement).

Investor Conference Call

Isentia Managing Director and CEO John Croll and CFO James Orlando will host a conference call with the investment community including a Q&A session at **10am AEDT today (26 February 2018)**.

The call will be webcast live at:

<https://www.isentia.com/investor-relations/results-and-reports/financial-reports>

Analysts and investors who wish to participate in the teleconference should dial **1800 558 698 / +612 9007 3187** and quote conference ID **612915**.

NB. This is an analyst and investor call. The media are welcome to listen to the presentation.

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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