26 FEBRUARY 2018

FY18 1ST HALF RESULTS

Chief Executive Officer : John Croll
Chief Financial Officer : James Orlando

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AGENDA

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EXECUTIVE SUMMARY

Our customer value proposition remains strong

- The leading provider of media intelligence in ANZ and the Asia-Pacific region
- 72% of revenue is recurring resulting in strong cash flow generation & net debt reduction
- Exit from content marketing was completed to schedule by end December 2017
- Updated FY18 revenue guidance to $133-136m for the media intelligence business.* EBITDA guidance of $32-36m is unchanged.

FY18 Priorities

- Annualised gross cost savings of $5-7m have been identified and are being actioned. We expect to realise 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
- Further develop our share of social listening spend through the rollout of product enhancements via our Mediaportal platform

* Excludes content marketing

H1 FY18 OVERVIEW

Media Intelligence business*- growth in Asia, turnaround focus in ANZ

$ M	FY18	FY17	VAR %
REVENUE	**67.0**	**72.1**	**(7.1%)**
ANZ	49.6	55.8	(11.0%)
ASIA	17.4	16.4	6.1%
COST OF SALES	**12.9**	**12.6**	**2.2%**
OTHER EXPENSES	**38.5**	**37.0**	**3.9%**
EBITDA	**15.7**	**22.5**	**(30.3%)**

*Excludes Content Marketing

- Revenue below prior year with growth in Asia offset by decline in ANZ. On a constant currency basis, revenue fell by 6.4%
- ANZ revenue impacted by pricing pressure, reduced traditional media volumes and churn
- H1 FY17 ANZ contains $1.1m in revenue from Two Social, exited in FY18. Normalised for Two Social, ANZ revenue declined by 9.4%
- Increase in expenses mainly related to staff cost
- Strong balance sheet and cash flow generation
- Interim dividend of 0.647 cents per share fully franked

H1 FY18 :

BUSINESS FINANCIAL PERFORMANCE

ISENTIA PERFORMANCE METRICS

Key metrics highlight Isentia's strengths

- **Net cash performance**: $5m increase in net cash vs pcp
  Isentia continues to generate steady cash flow from its Media Intelligence business

- **Average Subscription Customers**: 3,456 vs 3,348*
  Total subscription customer numbers have stabilised

- **Contracted revenue / total revenue**: 72%
  *72% of Isentia revenue is recurring with low customer churn of 2.4%***

* Average over six months to Dec 2017

** Average monthly churn

STRATEGIC FOCUS – COST OUT

Program designed to drive group profitability

Isentia will deliver improved profit through the following initiatives:

- Automation of press operations
- Relocation of labour intensive activities - offshoring functions to Manila Content Hub and outsourcing to capture savings in Asia
- Streamlining operations to reduce management cost

- Annualised gross cost savings of $5-7m have been identified and are being actioned. We expect to realise the benefit of these actions as we exit FY18.
- A further pipeline of cost savings has been targeted as part of the cost out program.

FY18 FINANCIAL RESULTS SUMMARY

SaaS disappointing, VAS in Asia performs well

Core Group	Half 1			
$ M	**FY18**	**FY17**	**VARIANCE $M**	**VARIANCE %**
SaaS - Media Intelligence	48.3	53.1	(4.7)	(8.9%)
VAS	18.7	19.1	(0.4)	(1.9%)
Revenue	**67.0**	**72.1**	**(5.1)**	**(7.1%)**
Cost of Sales	12.9	12.6	0.3	2.2%
Other expenses	38.5	37.0	1.4	3.8%
Expenses	**51.4**	**49.7**	**1.7**	**3.4%**
EBITDA	**15.7**	**22.5**	**(6.8)**	**(30.3%)**
EBITDA Margin	*23.4%*	*31.1%*		

- SaaS revenue lower on prior year due to challenges in ANZ
- VAS revenue decline reflected inclusion of Two Social in prior period and disappointing performance by VAS ANZ
- Higher COS due to North Asian VAS campaigns
- Increase in Other expenses mainly due to higher labour costs
- EBITDA of $15.7m was down on prior year due to difficult operating conditions

*Excludes Content Marketing

ANZ RESULTS SUMMARY

Difficult H1, challenging operating environment

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ANZ	Half 1			
$M	**FY18**	**FY17**	**VARIANCE $M**	**VARIANCE %**
Revenue				
SaaS - Media Intelligence	40.5	44.7	(4.1)	(9.3%)
VAS	9.1	11.1	(2.0)	(17.7%)
Total SaaS/Vas	**49.6**	**55.8**	**(6.1)**	**(11.0%)**
ANZ Contribution	**19.5**	**23.7**	**(4.2)**	**(17.8%)**
Contribution Margin	39%	43%		

- Difficult prior year comparison as H1 FY17 SaaS revenue included price increase
- H1 FY18 revenue impacted by pricing pressure, reduced press and broadcast volumes and churn
- H1 FY17 ANZ VAS included Two Social revenue of $1.1m, exited in FY18. Normalised for Two Social, H1 FY18 revenue declined by 9.1%

*Excludes Content Marketing

ASIA RESULTS SUMMARY

VAS revenue growth from online and social

ASIA		Half 1		
$M	**FY18**	**FY17**	**VARIANCE $M**	**VARIANCE %**
Revenue				
SaaS - Media Intelligence	7.8	8.4	(0.6)	(7.1%)
VAS	9.6	8.0	1.6	20.2%
Total SaaS/Vas	**17.4**	**16.4**	**1.0**	**6.1%**
ASIA Contibution	**2.3**	**3.9**	**(1.6)**	**(40.2%)**
Contribution Margin	13%	24%		

*Excludes Content Marketing

- Asian revenue rose by 6.1% on prior year due to growth in VAS revenue. On a constant currency basis, growth was 8.1%
- SaaS revenue of $7.8m was lower compared to H1 FY17 but higher than H2 FY17 revenue of $7.4m
- VAS revenue growth was underpinned by Insights campaigns in expanding North Asian markets
- Contribution of $2.3m was impacted by revenue mix with lower margin VAS sales accounting for a greater proportion of revenue vs pcp.

OPERATING EXPENSES

Focus on cost management program

HALF 1 ($M)	FY18	FY17	Variance $m	Variance %
Employee expenses	29.3	28.1	1.3	4%
Copyright	8.8	8.9	(0.1)	(1%)
Cost of sales	4.1	3.7	0.4	10%
Occupancy	2.6	2.3	0.2	10%
Software and support	2.1	1.7	0.4	23%
Communication & Marketing	1.8	1.5	0.2	15%
Other operating expenses	2.7	2.6	0.1	3%
Total operating expenses	**51.4**	**48.9**	**2.5**	**5.1%**
Headcount (FTE)	*1248*	*1283*	*(35)*	*(3%)*

- Increase in FY18 Employee expenses reflect unsustainable cost base in prior year
- COS increase driven by North Asia campaign sales
- Software and support cost increases due to the move to cloud hosting solutions
- Occupancy cost increases driven by the expansion of Sydney head office

*Excludes Content Marketing

CASHFLOW

72% subscription revenue underpins stable cash performance

	Half 1	
$M	FY18	FY17
Cash flows from operating activities		
Receipts from customers (inclusive of GST)	82.5	87.1
Payments to suppliers and employees (inclusive of GST)	(64.4)	(67.0)
Net interest	(1.0)	(1.6)
Other revenue	1.1	0.0
Income taxes paid	(2.7)	(4.5)
Net cash from operating activities	**15.4**	**14.0**
Cash flows from investing activities		
Payment for purchase of business, net of cash acquired	(0.2)	-
Payments to vendors for prior year assets acquisition	(2.4)	(7.0)
Payments for security deposits	0.2	-
Payments for property, plant and equipment	(0.6)	(1.2)
Payments for intangibles	(4.5)	(4.5)
Payment for purchase of asset acquisition	(0.5)	(1.0)
Net cash used in investing activities	**(8.0)**	**(13.7)**
Cash flows from financing activities		
Proceeds from borrowings	-	9.0
Repayment of borrowings	(1.0)	-
Dividends paid	(6.2)	(8.9)
Net cash from/(used in) financing activities	**(7.2)**	**0.1**
Net increase in cash and cash equivalents	**0.3**	**0.4**
Cash and cash equivalents at the beginning of the financial year	13.3	8.1
Cash and cash equivalents at the end of the financial year	13.5	8.6

Strong operating cash flow of $15.4m up from $14m in H1 FY17 reflects:

- stable contracted customer base
- strong receivables performance
- reduced acquisition costs

DEBT FACILITY

$M	Facility Commitment	Drawdown
Facility A	65.0	64.0
Facility B	10.0	0.0
Total debt	**75.0**	**64.0**
Cash and cash equivalents and prepayments		13.5
Net debt		**50.5**
Leverage ratio		**1.61x**

- **Improved net debt of $50.5m vs $51.7m at 30 June 2017**

- **Significant Covenant head room on debt facility**

  Leverage ratio: 1.6x, 51% headroom

  Interest cover: 12.93x, 77% headroom

CONTENT MARKETING

Exit of content marketing completed to schedule

Content marketing	H1 FY18
	$'M
Revenue	**3.8**
Copyright, consumables and other direct purchases	(3.4)
Employee benefits expense	(3.5)
Amortisation expenses	(5.9)
Impairment of assets	(1.7)
Occupancy costs	(0.3)
Other expenses	(0.7)
Total expenses	**(15.7)**
Profit/(loss) after income tax (expense)/benefit from exited content marketing	**(11.9)**
EBITDA per Statutory	**(4.2)**
Extraordinary items	(0.4)
EBITDA per management accounts (excluding Extraordinary items)	**(3.7)**

- FY18 Loss after income tax (expense)/benefit from exited content marketing $11.9m; both cash and non-cash
- Ceased operations 31 December 2017

Q&A

APPENDIX

FINANCIAL RESULTS DETAIL

Isentia Group (includes content marketing)

GROUP		Half 1	
$M	**FY18**	**FY17**	**Variance %**
ANZ	**51.8**	**59.8**	**(13%)**
SaaS - Media Intelligence	40.5	44.7	(9%)
VAS	9.1	11.1	(18%)
Content Marketing	2.2	4.0	(46%)
Asia	**19.0**	**19.8**	**(4%)**
SaaS - Media Intelligence	7.8	8.4	(7%)
VAS	9.6	8.0	20%
Content Marketing	1.7	3.4	(51%)
Revenue	**70.8**	**79.6**	**(11%)**
Cost of sales	(19.6)	(19.0)	(3%)
Employee costs	(32.8)	(34.2)	4%
Other operating expenses	(6.5)	(6.0)	(9%)
Expenses	**(58.9)**	**(59.1)**	**0%**
EBITDA	**11.9**	**20.5**	**(42%)**
EBITDA margin	*17%*	*26%*	
Depreciation and amortisation	(5.0)	(2.5)	(104%)
Amortisation of acquired intangibles	(8.3)	(5.5)	(52%)
Finance costs	(1.1)	(1.5)	25%
Profit/(loss) before tax	**(2.5)**	**11.1**	**(123%)**
Tax	(1.1)	(2.2)	49%
Non-recurring items (net of tax)	(0.4)	9.9	
NPAT	**(4.0)**	**18.7**	**(121%)**
Amortisation of acquired intangibles (add back)	6.2	4.0	55%
NPATA	**2.2**	**22.7**	**(90%)**
Underlying NPATA	**2.6**	**12.4**	**(79%)**
Underlying Earnings per share (cents)	1.3	6.2	(79%)

- Depreciation and amortisation accelerated due to content marketing exit

BALANCE SHEET

$M	December 2017	June 2017
Current assets		
Cash and cash equivalents	13.5	13.3
Trade and other receivables	26.6	31.2
Other	4.0	3.1
Assets classified as held for sale	0.3	0.0
Total current assets	**44.5**	**47.6**
Non-current assets		
Property, plant and equipment	4.2	4.7
Intangibles	144.0	153.0
Other	4.4	5.4
Total non-current assets	**152.5**	**163.0**
Current Liabilities		
Trade and other payables	21.3	19.3
Contingent consideration	4.1	3.0
Other	6.1	5.9
Total current liabilities	**31.4**	**28.2**
Non-current liabilities		
Borrowings	63.9	64.9
Contingent consideration	0.0	5.0
Other	16.1	17.8
Total non-current liabilities	**80.0**	**87.7**
Total equity	**85.6**	**94.7**

RECONCILIATION

Reported NPAT to Underlying NPATA

ISD 1H FY18 Reported NPAT to underlying NPATA reconciliation	$M
NPAT	**(4.0)**
Add: Amortisation of Customer relationships and contracts	4.1
Amortisation of Acquired software	4.2
Net of tax on Amortisation of customer relationship/contracts and acquired software	(2.2)
NPATA	**2.2**
Add: Impairment of assets	1.7
Less: Net gain recognised on reversal of contingent consideration	(1.5)
Less: Other income - legal settlement	(1.1)
Add: Non-recurring items including acquisition costs	1.2
Underlying NPATA	**2.6**

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