ISENTIA FY18

Leveraging our franchise
in an evolving marketplace

isentia.com

23 August 2018

AGENDA

1. Strategic Overview – Doug Snedden, Chairman
2. Financial Performance – James Orlando, CFO
3. Q&A – Doug Snedden, Chairman & James Orlando, CFO

23 August 2018

ISENTIA FY18

Strategic Overview

Doug Snedden, Chairman

23 August 2018

FY18 Financial Performance

Revenue of **$132.6m** slightly below guidance of $133-136m

EBITDA of **$33.1m** in line with FY18 guidance of $32-36m

Strong operating cash flow of **$28.4m** reflects high level of recurring revenue

Net debt reduced to **$43.1m** from $51.7m at 30 June 2017

Leading Provider of Media Intelligence in Asia-Pacific

11 markets

18 languages

3,420 subscription customers*

79% recurring revenue**

FY18 revenue by region

Asia 26% — 74% ANZ

*Average subscription customers over 6 months to 30 June 2018. **Percentage of FY18 revenue that is recurring (subscription & VAS revenue).

Media Intelligence Market Evolving Rapidly

Key trends

- Media – shift from traditional media to social and online, 24-hour news cycle, convergence of earned with paid and owned media.
- Technology – lower barriers to entry provides opportunities for disruptors, increased accessibility of earned media data and insights.
- Media intelligence globally – variable growth profiles across developed and emerging markets.

Implications for Isentia's market position

- Number and strength of competitors has increased.
- Decline in traditional media volumes as social and online media proliferate.
- Acceleration of news cycle driving customers to value speed in addition to relevance.
- Greater focus on feature and function by customers.
- Increased demand for earned media data and insights applications.
- Leverage leadership in ANZ to drive growth and scale in underpenetrated Asian markets.

Strategic Transformation Begins

Objective: Respond quickly to market changes and prepare for long-term transformation.

01 Renewing Board and management to bring expertise and fresh perspective.

02 Strengthening product development and innovation to meet market demands.

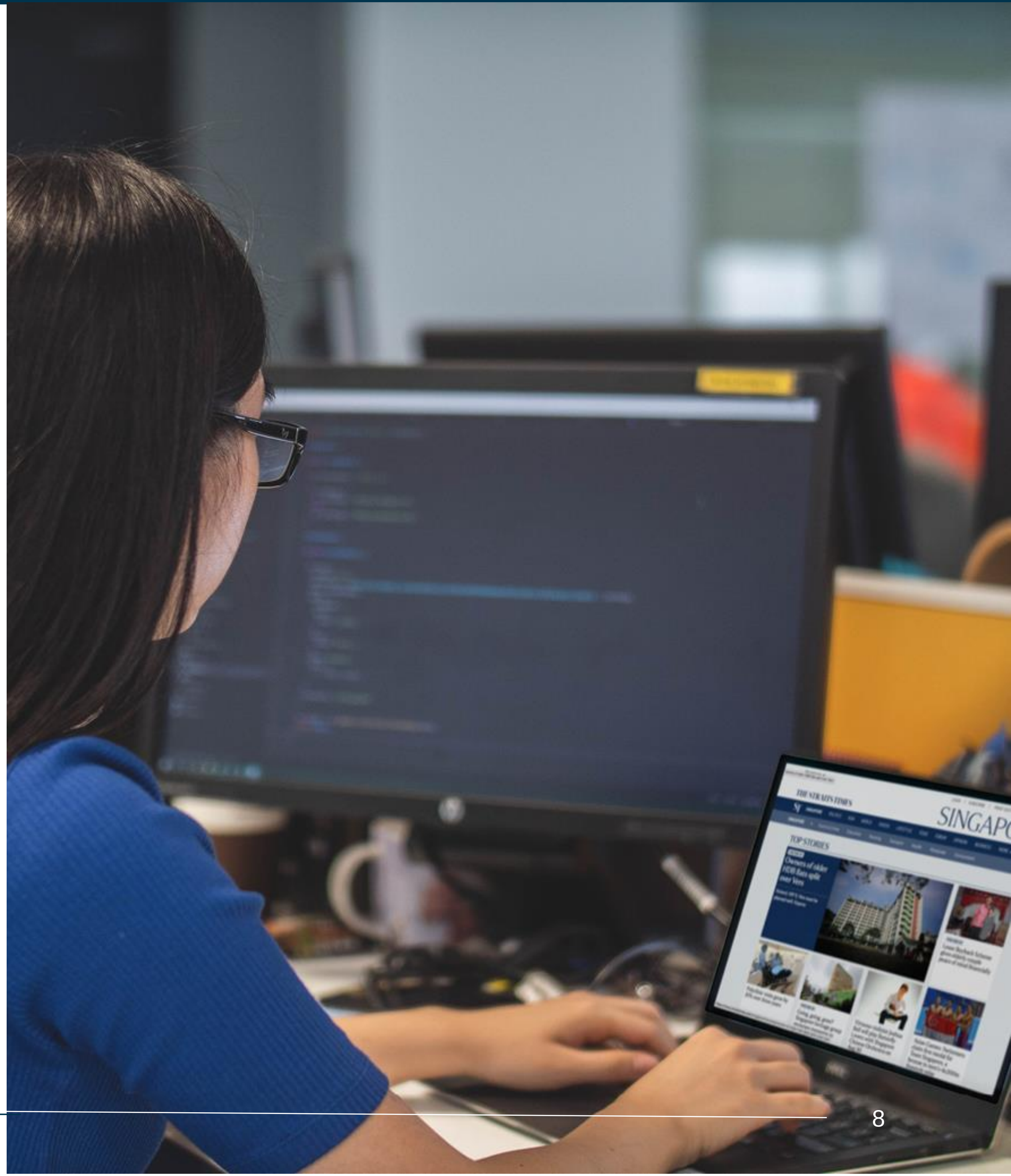
03 Restructuring sales and account management teams to drive productivity.

04 Streamlining cost structure and operations to address cost base.

05 Pursuing level playing field for copyright through Copyright Tribunal.

Better Execution in FY18

- Sales and account management refocuses on media intelligence and insights following content marketing exit.
- Cost out program targets production processes identifying $11m in gross annualised cost savings by end FY2020.
- Shift in investment from bespoke to integration of available solutions to reduce cost and time to delivery.
- Creation of regional operating hubs leads to better integration of diverse Asian businesses.
- All markets on Mediaportal platform for the first time following roll out across Asia.



Building media intelligence network across APAC

Australia & New Zealand

- Near-term focus on product, customer relationships, cost structure and copyright.
- Embracing automation to improve turnaround time.
- Planning for long-term decline in tradition media volumes.

South East Asia

- Highly recurring business with leading market positions.
- Strong social offering.
- Strategic focus on blue chip customer base.

North Asia

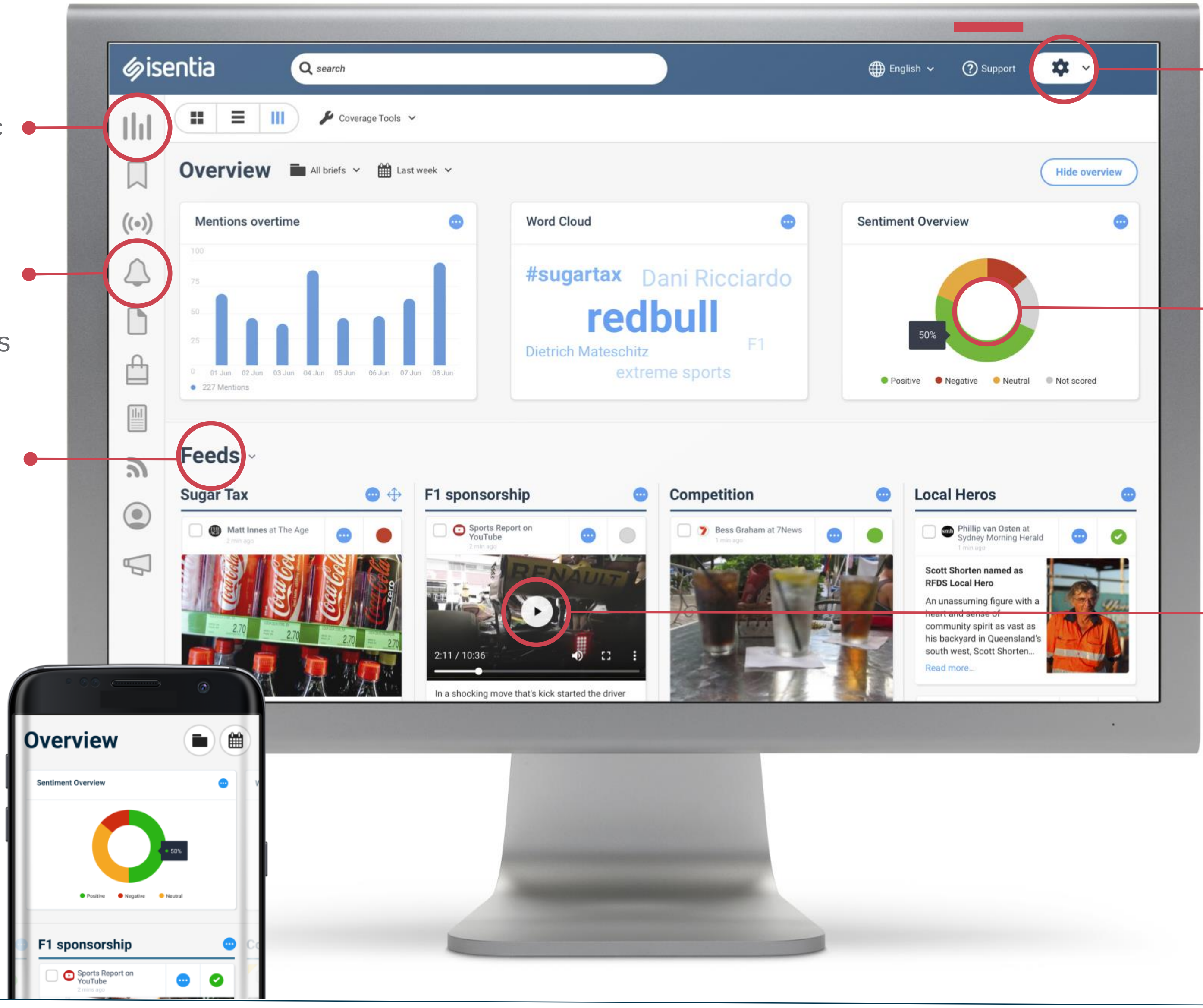
- Strong presence in social media and insights.
- Growth driven by first-time customers.
- In investment phase with focus on profitability and scale.

Mediaportal Improvements
Deliver to Customer Requirements

Deeper analytic insights and tools across key topics

Improved alerting and distribution tools

Greater flexibility to view relevant content in custom feeds



Multi-lingual support for all current Asian markets

Automated sentiment to quickly gauge key conversations

In-feed video and audio content streaming capabilities

Continuing Investment in Technological Innovation to Meet Market

Improving insights with less noise

Delivering insights faster and with improved relevance using machine learning and natural language processing

Simplifying the client experience

Further simplifying the client experience with assisted intelligence and a more intuitive platform

Connecting disparate data

Bringing disparate data types together to help clients visualise new relationship and insights

ISENTIA FY18

Financial Performance

James Orlando, CFO

23 August 2018

FY18 Financial Results Overview

Media intelligence business*

Focus on growth in Asia, turnaround in ANZ

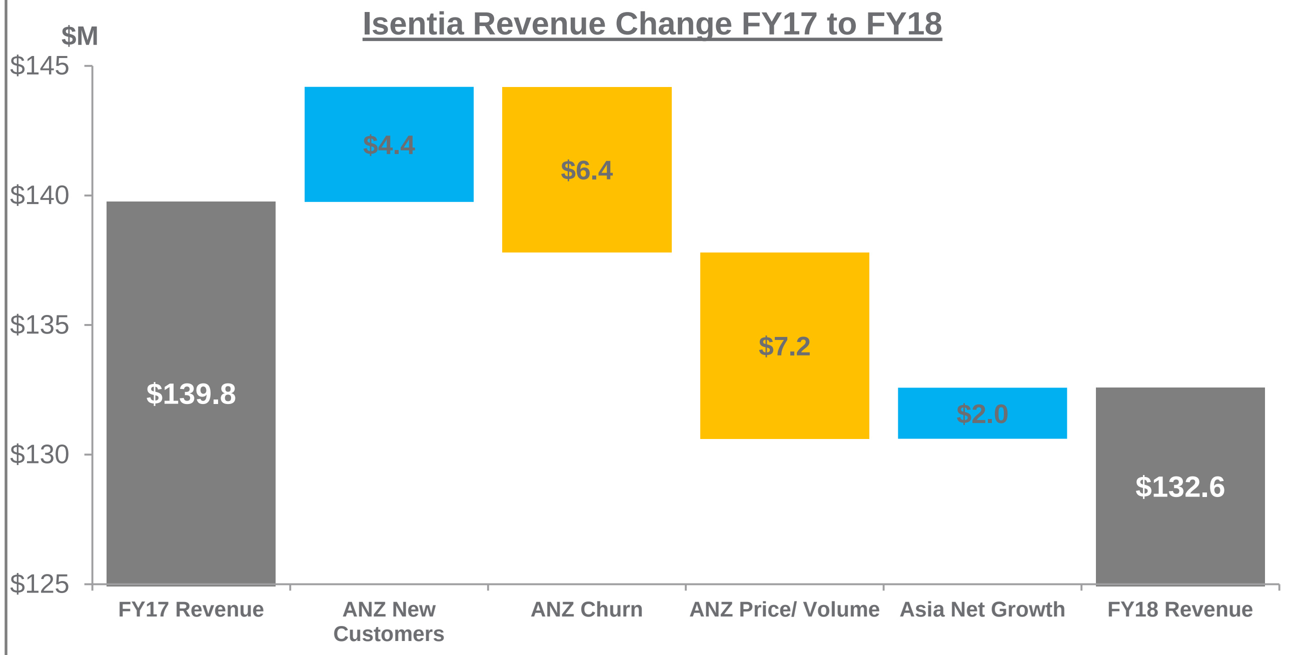
$M	FY18	FY17	VARIANCE $M	VARIANCE %
Revenue	**132.6**	**140.8**	**(8.2)**	**(5.8%)**
ANZ	97.7	107.9	(10.2)	(9.4%)
ASIA	34.9	32.9	2.0	6.0%
Cost of Sales	**25.3**	**25.8**	**0.4**	**1.7%**
Operating Expenses	**74.1**	**69.2**	**(5.0)**	**(7.2%)**
EBITDA	**33.1**	**45.9**	**(12.7)**	**(27.8%)**
EBITDA Margin	*25.0%*	*32.6%*		

*Excludes Content Marketing.
** Two Social was reclassified from ANZ VAS to Content Marketing in August 2016.

- Revenue below prior year with growth in Asia offset by decline in ANZ.
- ANZ revenue impacted by pricing pressure, reduction in traditional media volumes and customer churn.
- FY18 ANZ revenue fell by 8.5% when normalised for inclusion of $1.1m from Two Social in FY17**.
- Lower Cost of Sales due to reduced external data purchases.
- Increase in other expenses mainly due to higher staff costs reflecting lower labour capitalisation, increased incentive payments and recruitment.

Working to Stabilise and Transform Business

Isentia Core Revenue Change FY17 to FY18



NOTE: FY17 has been normalised to exclude Two Social revenue.

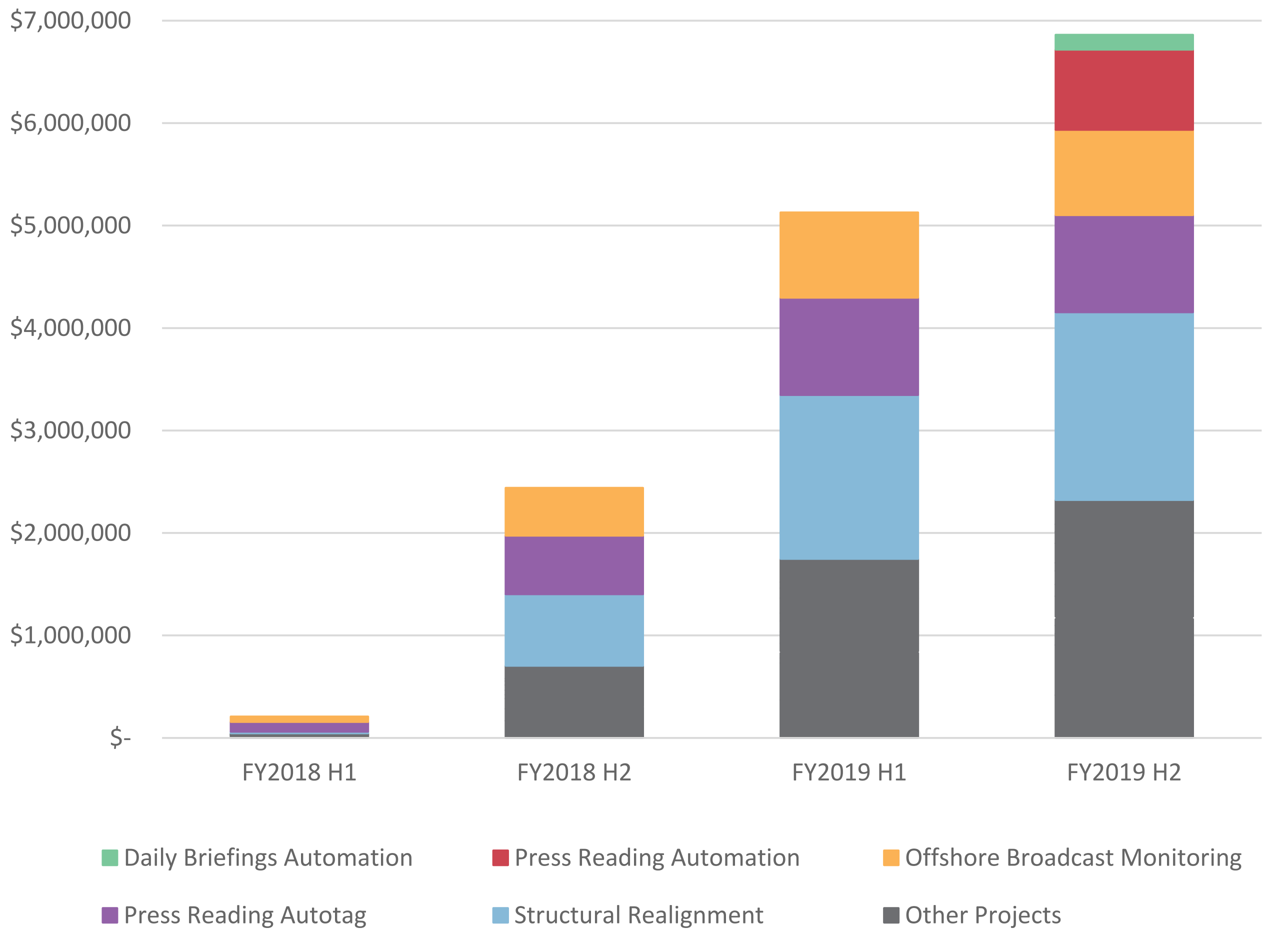
Subscription Customers	H2 FY17	H1 FY18	H2 FY18
Average Monthly Customers	3,348	3,456	3,420
Average Monthly Customer Churn		2.4%	2.7%

- ANZ revenue was impacted by:
  - Subscription churn
  - Decline in traditional media volumes
  - Price reductions
- Management are balancing these factors as we focus on our core value proposition of providing a comprehensive service to our customer base.
- Targeting new sales and customer retention in ANZ.
- Focus is on expanding the relatively underpenetrated market in Asia.

Cost Transformation – Phase 1

On track to deliver almost $7m cost reductions as committed

Cumulative Savings FY18-F19



- Cost out programs started in FY18 delivering savings as exit financial year.
- Will deliver full year returns in FY19.
- New project (Press automation) scheduled to commence in H2 FY19.
- Other improvement projects continue to deliver steady cost reductions.
- FTE reduced in FY18 from 1222 to 1186 at YE.

Transformation Program – Post FY19 Impact

Continue to grow pipeline of cost management opportunities

Project	$000 p.a.
Broadcast automation/Offshoring	500 – 1,100
Beijing Media Monitoring Outsourcing	100 – 300
Continued Press & Daily Briefings Automation	1,200 – 1,500
Other Projects	300 – 1,100
Total Savings post-FY19	**2,100 – 4,000**
Total Savings through FY19	6,900
Total Transformation Program identified to-date	**9,000–10,900**

ANZ Results Summary

Challenging operating environment in FY18*

$M	FY18	FY17	VARIANCE $M	VARIANCE %
Revenue				
SaaS - Media Intelligence	79.4	87.5	(8.1)	(9.3%)
VAS	18.4	20.4	(2.0)	(10.0%)
Total SaaS/Vas	**97.7**	**107.9**	**(10.2)**	**(9.4%)**
ANZ Contribution	**40.2**	**46.6**	**(6.4)**	**(13.7%)**
Contribution Margin	41%	43%		

- Lower ANZ SaaS revenue reflected macro media trends driving lower press and broadcast volumes, and increased competition leading to pricing pressures and customer churn.
- 1H17 VAS revenue included $1.1m in revenue from Two Social.* On a normalised basis, FY18 VAS revenue declined by 5.2%.
- ANZ revenue fell by 8.5% when normalised for Two Social
- Lower ANZ EBITDA reflected fixed copyright costs and competitive challenges.

*Excludes Content Marketing.

Asia Results Summary

VAS revenue growth from online and social*

$M	FY18	FY17	VARIANCE $M	VARIANCE %
Revenue				
SaaS - Media Intelligence	15.6	15.8	(0.2)	(1.3%)
VAS	19.2	17.1	2.2	12.8%
Total SaaS/Vas	**34.9**	**32.9**	**2.0**	**6.0%**
ASIA Contribution	**4.8**	**6.6**	**(1.8)**	**(26.8%)**
Contribution Margin	14%	20%		

- Asia revenue growth of 6% on prior year driven by growth in VAS revenue.
- SaaS revenue of $15.6m was marginally lower on FY17 due to the delayed rollout of updated Mediaportal.
- VAS revenue growth underpinned by Insights campaigns in expanding North Asian markets.
- FY18 EBITDA of $4.8m impacted by higher proportion of lower margin VAS sales (particularly Social).

*Excludes Content Marketing.

Operating Expenses

Focus on cost management program

$M	FY18	FY17	VARIANCE $M	VARIANCE %
Employee expenses	56.2	52.8	(3.4)	(6%)
Copyright	17.4	17.7	0.4	2%
Other Cost of sales	8.0	8.1	0.1	1%
Occupancy	5.2	4.7	(0.5)	(11%)
Software and support	3.5	3.7	0.2	6%
Communication & Marketing	3.7	3.2	(0.5)	(14%)
Other operating expenses	5.6	4.8	(0.8)	(17%)
Total expenses	**99.5**	**94.9**	**(4.5)**	**(4.8%)**
Full-time Equivalent (FTEs)	*1186*	*1222*	35	3%

NOTE: Data excludes Content Marketing.

- Higher FY18 Employee expenses reflect lower capitalisation of staff costs, increased incentive payments and recruitment and temporary increase in employee numbers in H1 FY18.
- Cost management program underway.
- Higher occupancy costs driven by Sydney head office expansion in late FY17 now exited.
- Marketing cost was up due to Isentia brand proposition investment in H1.
- Other costs include legal costs for CAL negotiations and Copyright Tribunal.
- FTEs include on payroll employees and contractors at month-end.

Cashflow

Subscription revenue underpins stable cash performance

$M	FY18	FY17
Cash flows from operating activities		
Receipts from customers (inclusive of GST)	158.7	179.6
Payments to suppliers and employees (inclusive of GST)	(125.8)	(136.1)
Net interest	(2.1)	(2.9)
Other revenue	1.1	-
Income taxes paid	(3.5)	(6.9)
Net cash from operating activities	**28.4**	**33.7**
Cash flows from investing activities		
Payments to vendors for prior year assets acquisition	(2.4)	(7.0)
Payments for property, plant and equipment	(1.1)	(2.8)
Payments for intangibles	(8.5)	(11.5)
Payment for purchase of asset acquisition	(0.5)	(1.2)
Proceeds from disposals	0.3	-
Net cash used in investing activities	**(12.1)**	**(22.6)**
Cash flows from financing activities		
Proceeds from borrowings	2.0	15.0
Repayments of borrowings/leases	(12.1)	(6.0)
Dividends paid	(7.5)	(15.1)
Net cash from/(used in) financing activities	**(17.6)**	**(6.1)**
Net increase in cash and cash equivalents	**(1.3)**	**5.1**
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	11.9	13.3

- Strong cash position reflects:
  - stable contracted customer base
  - strong receivables performance
  - reduced acquisition costs
- Lower operating cash driven by improved collections and lower sales.
- Investing cash down due to fewer acquisitions.
- $10.0m in net borrowings repaid reducing net debt to $43.1m.

Debt Facility

Strong cash performance drives reduction in net debt

$M	FACILITY COMMITMENT	DRAWDOWN
Facility A	65.0	55.0
Facility B	10.0	0.0
Total debt	**75.0**	**55.0**
Cash and cash equivalents and prepayments		11.9
Net debt		**43.1**

IMPROVED BORROWINGS:

Total Debt reduced from:
$65m at 30 June 2017 to $55m at 30 June 2018

Net Debt reduced from:
$51.7m at 30 June 2017 to $43.1m at 30 June 2018

SIGNIFICANT COVENANT HEAD ROOM ON DEBT FACILITY:

Leverage ratio:
1.5x vs Loan Agreement 3.25x, 54% headroom

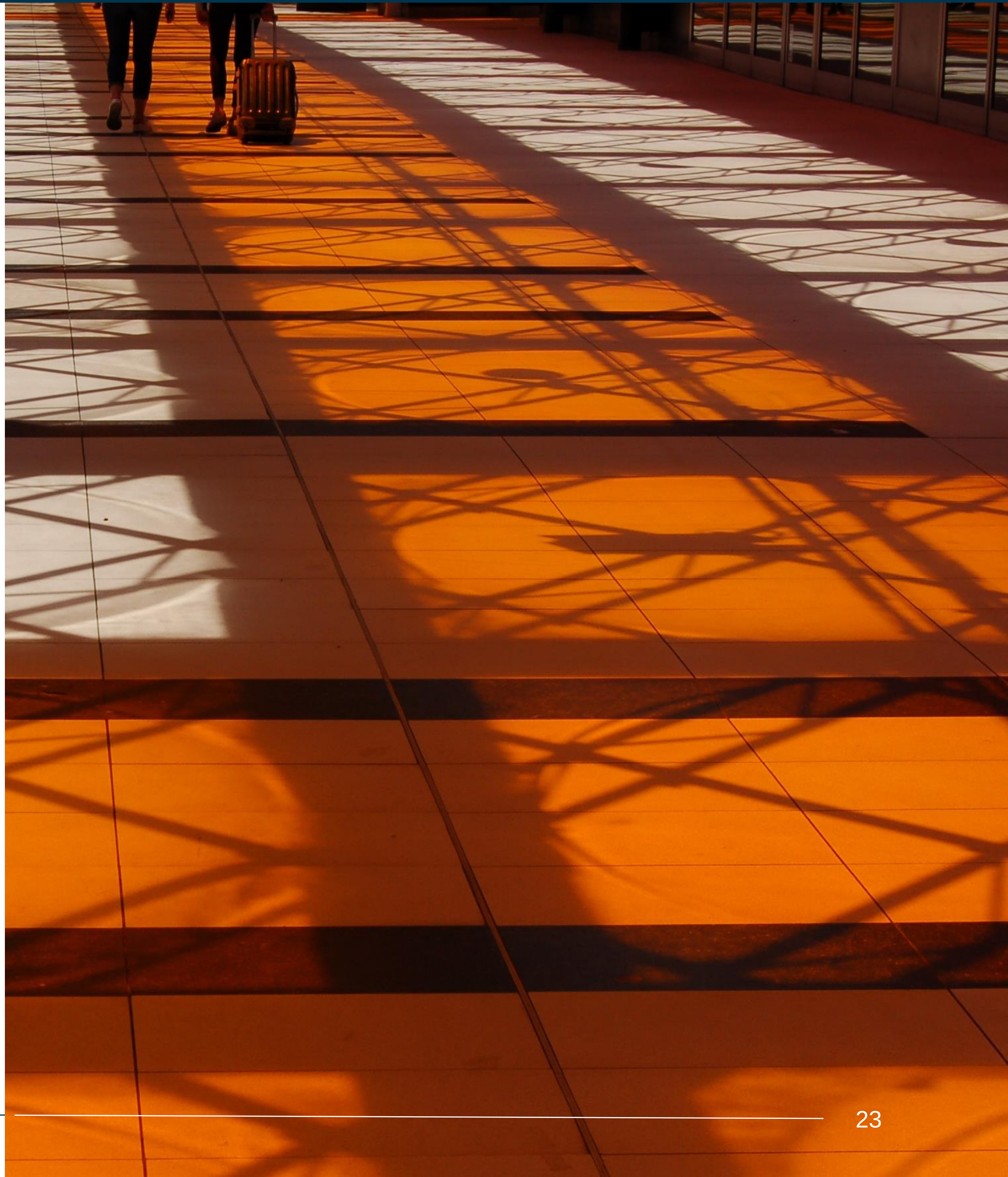
Interest cover:
13.0x vs Loan Agreement 3.00x, 77% headroom

Pursuing More Equitable Australian Copyright Arrangements

- Current copyright agreement with Copyright Agency Limited (CAL) was due to expire on 30 June 2018.
- Lodged application in Copyright Tribunal of Australia.
- Seeking interim licence terms pending Tribunal's final decision or agreement with CAL.
- The copyright agreement with CAL covers copyright on major Australian publications (print and online).
- Despite falling print volumes, copyright costs remain high.
- Copyright costs are the largest non-labour cost for Isentia.
- Inconsistencies in the application of copyright charges across media intelligence providers in Australia.
- Isentia committed to adoption of an industry-wide copyright scheme to ensure a level playing field with competitors.

FY19 Outlook

- FY19 revenue guidance in the low to mid $120m range
- FY19 EBITDA guidance in the low to mid $20m range
- EBITDA guidance range assumes copyright costs in Australia remain stable although expectations are that these costs may be reduced in FY19



ISENTIA FY18

Q&A

23 August 2018

isentia.com

curiosity innovation

ISENTIA FY18

Appendix

23 August 2018

isentia.com

curiosity innovation

Group Financial Results

Isentia Group (includes Content Marketing)

$M	FY18	FY17	VARIANCE %
ANZ	**100.4**	**116.5**	**(14%)**
SaaS - Media Intelligence	79.4	87.5	(9%)
VAS	18.4	20.4	(10%)
Content Marketing	2.6	8.6	(69%)
Asia	**36.8**	**38.6**	**(5%)**
SaaS - Media Intelligence	15.6	15.8	(1%)
VAS	19.2	17.1	13%
Content Marketing	1.9	5.7	(66%)
Revenue	**137.1**	**155.1**	**(12%)**
Copyright, consumables and other direct purchases	(35.2)	(38.6)	9%
Employee costs	(60.0)	(63.2)	5%
Other operating expenses	(13.4)	(11.9)	(12%)
Expenses	**(108.5)**	**(113.7)**	**5%**
EBITDA	**28.6**	**41.5**	**(31%)**
EBITDA margin	*21%*	*27%*	
Depreciation and amortisation	(8.7)	(5.7)	(51%)
Amortisation of acquired intangibles	(12.2)	(10.4)	(17%)
Non-recurring items	(2.0)	(30.2)	93%
Finance costs	(2.2)	(2.8)	22%
Profit/(loss) before tax	**3.5**	**(7.7)**	**145%**
Tax	(2.2)	(5.7)	62%
NPAT	**1.3**	**(13.5)**	**110%**
add back: Amortisation of acquired intangibles after tax	9.2	8.0	16%
NPATA	**10.5**	**(5.5)**	**291%**
Underlying NPATA	**11.5**	**24.7**	**(53%)**
Underlying Earnings per share (cents)	*5.8*	*12.3*	*(53%)*

- Depreciation and amortisation accelerated due to exit from content marketing.

Summary Balance sheet

$M	June 2018	June 2017
Current assets		
Cash and cash equivalents	11.9	13.3
Trade and other receivables	23.2	31.2
Other	3.3	3.1
Total current assets	**38.4**	**47.6**
Non-current assets		
Property, plant and equipment	4.6	4.7
Intangibles	142.4	153.0
Other	3.5	5.4
Total non-current assets	**150.5**	**163.1**
Total Assets	**188.9**	**210.7**
Current Liabilities		
Trade and other payables	17.9	19.3
Borrowings	0.3	0.0
Contingent consideration	3.2	3.0
Other	6.0	6.0
Total current liabilities	**27.5**	**28.3**
Non-current liabilities		
Borrowings	55.5	64.9
Contingent consideration	0.6	5.0
Other	14.9	17.9
Total non-current liabilities	**71.0**	**87.7**
Total Liabilities	**98.4**	**116.0**
Total equity	**90.5**	**94.7**

Key Messages:

- Lower receivables highlighted by improved collections
- Intangibles reduced after accelerated amortization due to exit from content marketing
- $10m reduction in net borrowings as cashflows facilitate early loan repayments

Content Marketing

$M	FY18	FY17	VARIANCE $M	VARIANCE %
Revenue				
Content Marketing	4.6	14.4	(9.8)	(68.2%)
CM Contibution	**(4.5)**	**(4.4)**	**(0.1)**	**(2.4%)**
Contribution Margin	(99%)	(31%)		

Isentia – Award Winning Innovation

isentia

We've been listed in the top 100 Most Innovative Companies two years running.

The list ranks the most innovative organisations in Australia and New Zealand, and is the only national, cross-industry list of its kind.

The list is judged using a unique, scientifically proven approach to help organisations grow through innovation. It applies these scientific smarts to assessment of all entrants in the AFR Most Innovative Companies list.

- **112 Isentians** completed a survey for an inside-out view of how we use and continue to grow as innovators
- Looking at what our people said alongside industry competitors, **we scored highly in aligning innovation with organisational strategy and creating a climate that helps innovation to thrive.**

FINANCIAL REVIEW MOST INNOVATIVE COMPANIES

We've won AMEC's Company of the Year Award for the last 4 years!

Leading the global development of the media measurement industry. Other 2018 AMEC Awards wins include:

- **Grand Prix for the most effective media intelligence, research and insights company campaign.**
- **Most innovative use of measurement in a digital campaign: Isentia for Harbour City Estates: Unleashing the New Retail Experience.**
- **Most impactful client recommendations arising from a measurement study: Isentia for an FMCG brand: Impacting product development.**
- **Best use of social media measurement for a pharmaceutical company: Understanding Vaccinations (Silver).**
- **Best measurement of a business to business campaign for Commonwealth Bank of Australia: Gender equality in the banking sector (Silver).**
- **Best use of social media measurement for Harbour City Estates: Unleashing the New Retail Experience (Bronze).**

Case Study: McDonald’s

Isentia helps McDonald’s launch a new product offering

The challenge

With only 10% share of the $10 billion yearly restaurant market in Singapore, fast food players are looking to expand their presence.

Leading the pack, McDonald’s wanted to capture this opportunity by launching **HAPPY SHARING BOX** – to influence food sharing occasions when consumers dine out or order in (via UberEats and McDelivery).

Our approach

Insights from robust methodology of In-the-moment qualitative research (via WhatsApp chats with consumers) + social media data + online survey led to strategy for McDonalds on:

- Where is the consumer need (as per the size of the market)?
- What sharing occasions to target?
- How should sharing box look like and contain?
- How to launch this offering?

The results

30k+

Social Engagement Return on Investment

30k+ interactions with the brand)

$2m

Monthly sales

(from McDelivery/UberEats) $2 million (estimated) isentia.com