

ASX Release

FOR IMMEDIATE RELEASE

22 February 2019

### Isentia Reports H1 FY19 Financial Results

- Revenue of \$62.2m and Underlying EBITDA<sup>1</sup> of \$11.0m
- NPAT loss of \$22.1m impacted by non-cash write down of previously recognised goodwill and other intangible assets
- Strong operating cash flow conversion from Underlying EBITDA
- Net debt of \$41.1m, down from \$43.1m at 30 June 2018
- Confirming FY19 guidance for revenue of low to mid \$120m and Underlying EBITDA of low to mid \$20m

**Isentia Group Limited (ASX: ISD)** today released its financial results for the six months to December 2018.

H1 FY19 revenue was \$62.2m and H1 FY19 Underlying EBITDA was \$11.0m. The NPAT loss of \$22.1m included restructuring provisions and a \$22.3m non cash write-down of previously recognised goodwill and internally generated software. These write-downs do not impact cashflow or debt covenant compliance.

Isentia had strong operating cash conversion from Underlying EBITDA, reflecting its highly recurring revenue base (79% of total sales). As a result, gross debt was reduced by \$4.0m.

Isentia Managing Director and CEO Ed Harrison said: “H1 FY19 has been an important six months for the company. Since I became CEO in August we have delivered on a number of key objectives that I identified as priorities at our 2018 Annual General Meeting. These included driving new business, reengineering legacy processes and changing our product development investment profile to incremental, lower risk and shorter payback projects.

In addition, we have made a number of Board and executive changes which have brought new perspectives and a compelling skill mix to the company. Importantly, we anticipate a positive outcome in the Copyright Tribunal securing an interim licence which will apply from 1 December 2018.”

#### **Fresh strategy**

At today’s result, Isentia unveiled a new strategy which focuses on achieving operational efficiencies underpinned by a single technology platform, world-class, market-centric product innovation and scaling the Asian business.

Mr Harrison said: “Isentia is one of the world’s leading media intelligence companies with an enviable Asia-Pacific footprint. The media intelligence landscape is rapidly evolving and we believe a fresh approach is needed to deliver long-term and sustainable profit growth. We can self fund the strategy. It will change the way we work and deliver better products and services to our customers.”

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<sup>1</sup> Underlying EBITDA reflects adjustments for certain non-operating items including restructuring costs and asset impairments.

**Australia / New Zealand results**

H1 FY19 revenue was \$44.7m. Revenue was impacted by challenging operating conditions due to a competitive Australian landscape. H1 FY19 ANZ contribution was \$15.8m and reflected flat copyright costs for the half.

**Asia results**

H1 FY19 revenue of \$17.5m was slightly higher on the previous corresponding period (pcp). H1 FY19 Asia contribution of \$1.9m was lower on pcp as a strong result in South East Asia was partly offset by a disappointing performance in North Asia. Following the end of H1, Asia CEO David Liu announced that he would be leaving the business in FY19. A search is underway for his replacement.

**Balance sheet and cash flow**

Gross debt was reduced by \$4.0m and net debt declined by \$2.0m to \$41.1m at 31 December 2018. Isentia renewed its debt facility in October 2018 and maintains significant headroom over its gearing and interest cover covenants. Operating cash flow was \$8.1m after taxation and interest payments.

**Copyright**

Isentia is currently awaiting orders from the Copyright Tribunal of Australia (**Anticipated Orders**) in relation to the interim arrangements to apply pending the outcome of its subsidiary Isentia Pty Limited's substantive application to the Copyright Tribunal regarding the terms of its Copyright Agency Ltd (**CAL**) licence.

Based on the non-contested aspects of the Anticipated Orders, it is expected they will provide that part of the interim licence will include a variable volume-based fee. Isentia's existing copyright agreement with CAL contains a minimum overall fixed fee.

Further details of the interim arrangements to apply will be provided to the market when the Anticipated Orders are made by the Tribunal.

**FY19 Guidance**

Isentia confirms FY19 guidance for revenue of low to mid \$120m and Underlying EBITDA of low to mid \$20m. This assumes a modest reduction in copyright costs from 1 December 2018.

**Investor Conference Call**

Isentia Managing Director and CEO Ed Harrison and CFO Peter McClelland will host a conference call with the investment community including a Q&A session at **10am AEST today (22 February 2019)**.

The call will be webcast live at:

<https://webcasting.boardroom.media/broadcast/5c354b5c0c2bd45e09d6dc62>

Analysts and investors who wish to participate in the teleconference should dial **1800 558 698 or +612 9007 3187** and quote conference ID **711480**.

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 markets. 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)**

# H1 FY19 Results & Strategy Presentation

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22 February 2019

# AGENDA

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## H1 FY19 Overview

Ed Harrison, CEO

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## Financial Performance

Peter McClelland, CFO

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## Strategy

Ed Harrison, CEO

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## FY19 Outlook

Ed Harrison, CEO

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## Q&A

Ed Harrison, CEO

Peter McClelland, CFO

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## H1 FY19 Overview

Ed Harrison, CEO

## LEADING PROVIDER of Media Intelligence in Asia-Pacific



### FY19 REVENUE BY REGION

ANZ 72%

ASIA 28%

**11**  
MARKETS

**18**  
LANGUAGES

**3,390**  
SUBSCRIPTION CUSTOMERS\*

**79%**  
RECURRING REVENUE\*\*

\*Average subscription customers over 6 months to 31 December 2018. \*\*Percentage of H1 FY19 revenue that is recurring (subscription & VAS revenue).

# H1 FY19 FINANCIAL OVERVIEW

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- > Revenue of \$62.2M on track for FY19 guidance
- > Underlying EBITDA<sup>1</sup> of \$11.0M on track for FY19 guidance
- > NPAT loss of \$22.1M due to a write-down of intangible assets
- > Strong operating cash flow conversion from underlying EBITDA<sup>2</sup>
- > Net debt reduced by \$2.0M to \$41.1M from 30 June 2018

<sup>1</sup> Underlying EBITDA reflects adjustments for certain non-operating items. See Group Financial Results page 37.

<sup>2</sup> See Cash Flow statement page 15.



# H1 FY19 ACHIEVEMENTS

Delivering to  
commitment



## **Sales**

New business development teams,  
stabilised ANZ sales leadership



## **Operational efficiencies**

\$4.9M in gross cost out



## **Product development**

Tripling of product release velocity



## **Copyright**

Anticipated positive outcome for interim licence,  
legal action ongoing



## **Executive team**

New skills and capabilities to effect change

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## Financial Performance

Peter McClelland, CFO

# H1 FY19 Media Intelligence Business<sup>1</sup> Financial Results Overview



Focus on stabilising and setting the base for profitable growth

Overview	H1			
\$M	FY19	FY18	VARIANCE	VARIANCE %
<b>Revenue</b>	<b>62.2</b>	<b>67.0</b>	<b>(4.8)</b>	<b>(7.2%)</b>
ANZ	44.7	49.6	(4.9)	(10.0%)
Asia	17.5	17.4	0.1	0.7%
<b>Cost of sales</b>	<b>13.0</b>	<b>12.9</b>	<b>(0.1)</b>	<b>(1.0%)</b>
<b>Operating Expenses</b>	<b>38.2</b>	<b>38.5</b>	<b>0.3</b>	<b>0.7%</b>
<b>Underlying EBITDA<sup>2</sup></b>	<b>11.0</b>	<b>15.7</b>	<b>(4.7)</b>	<b>(29.8%)</b>
<i>EBITDA Margin</i>	<i>17.7%</i>	<i>23.4%</i>		

SUBSCRIPTION CUSTOMERS	H1 FY18	H2 FY18	H1 FY19
Average monthly customers	3,456	3,420	3,390

<sup>1</sup> Media Intelligence Business represents the ongoing business operations of the Group and adjusts exited businesses from prior periods. This is also reflected in the following pages, excluding Appendix.

<sup>2</sup> Underlying EBITDA reflects adjustments for certain non operating items. See page 37.

- H1 FY19 revenue below PCP due to competitive pressures in Australia.
- ANZ revenue continues to be impacted by:
  - Customer churn;
  - Price erosion; and
  - Reduction in traditional media volumes.
- Strong South East Asia revenue growth offset partly by the challenges in North Asia.
- Cost of sales flat despite revenue decline due to high fixed copyright costs.
- Cost-out programs delivered but offset by:
  - Investment in critical roles to support business growth; and
  - Lower capitalisation of internal labour with the shift to agile product development.

# H1 FY19 ANZ Results Summary



ANZ market remains challenging

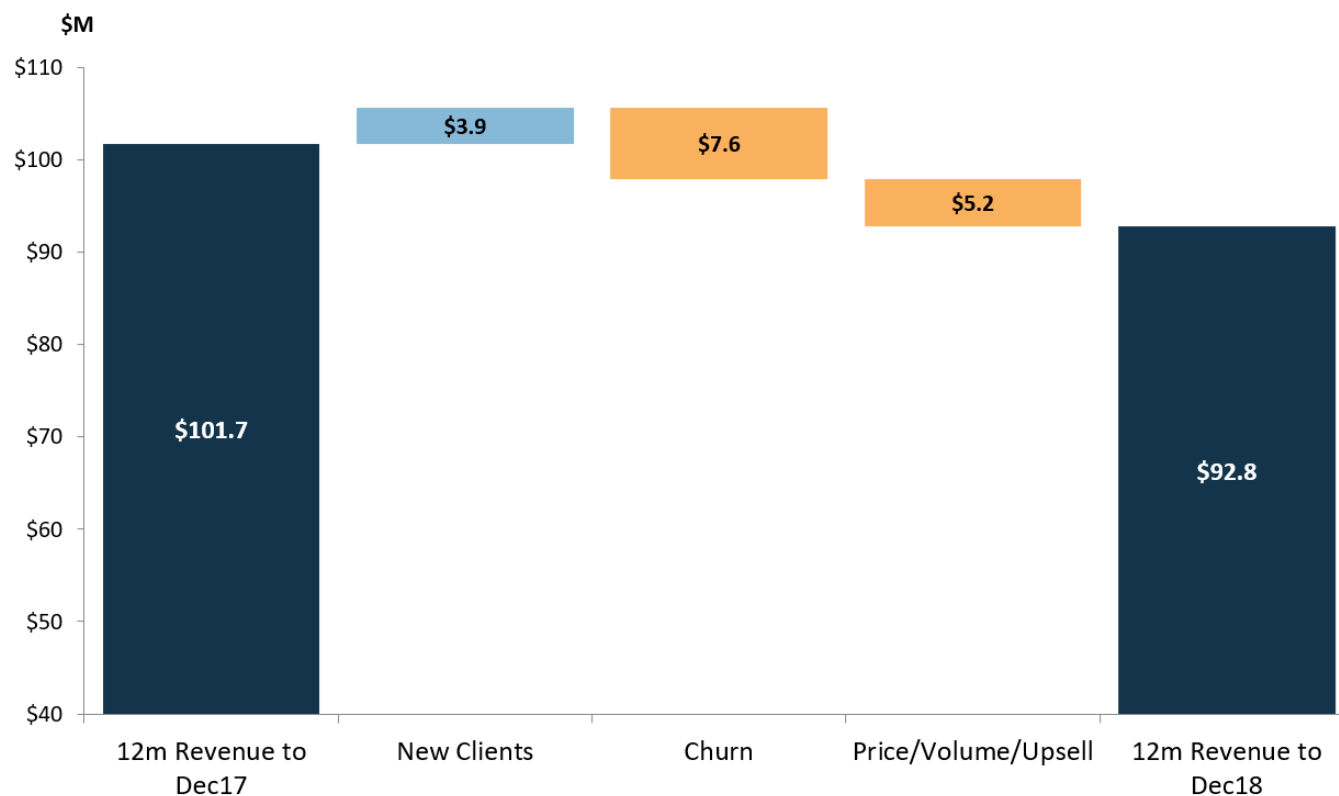
ANZ	H1			
\$M	FY19	FY18	VARIANCE	VARIANCE %
<b>Revenue</b>				
SaaS - Media Intelligence	35.8	40.5	(4.7)	(11.5%)
VAS	8.9	9.1	(0.3)	(2.9%)
<b>Total SaaS/VAS</b>	<b>44.7</b>	<b>49.6</b>	<b>(4.9)</b>	<b>(10.0%)</b>
<b>ANZ contribution</b>	<b>15.8</b>	<b>19.5</b>	<b>(3.7)</b>	<b>(19.0%)</b>
<i>Contribution Margin</i>	35%	39%		

- Competitive pressures and macro trends result in SaaS revenue declines.
- VAS revenue proved resilient despite reduction in SaaS base.
- High fixed/semi-fixed cost nature of copyright and labour results in contribution decline in line with revenue.
- Operating costs fell by \$1.2M due to the cost out program, partially reinvested. This is an ongoing area of focus.
- Isentia continues to pursue equity in pricing and also the introduction of a variable cost structure in copyright through the Copyright Tribunal.

# Focus On Client Acquisition And Retention



## ANZ Revenue Change: Rolling 12 months December 2017 vs December 2018



- Net ANZ revenue decline of \$8.9M or 8.8% over the 12 month period.
  - New wins:
    - Win rate increased from H2 FY18 as rebuilding the sales team takes effect; and
    - Average win size of new clients ahead of PCP.
  - Revenue declines were impacted by:
    - Subscription churn due to competitive pressure; and
    - Price reductions and decline in traditional media volumes somewhat mitigated by upselling to existing clients.
- Programs to drive client acquisition and retention:
  - Focus on new sales and competitive winbacks;
  - New product features; and
  - Product packaging and pricing.

# H1 FY19 Asia Results Summary



Strong growth in SE Asia, North Asia remains challenging

Asia	H1			
\$M	FY19	FY18	VARIANCE	VARIANCE %
Revenue				
SaaS - Media Intelligence	8.0	7.8	0.2	3.0%
VAS	9.5	9.6	(0.1)	(1.1%)
<b>Total SaaS/VAS</b>	<b>17.5</b>	<b>17.4</b>	<b>0.1</b>	<b>0.7%</b>
<b>Asia contribution</b>	<b>1.9</b>	<b>2.3</b>	<b>(0.4)</b>	<b>(16.3%)</b>
Contribution Margin	11%	13%		

- Asia revenue was marginally higher due to growth in SaaS revenue.
- Mid single to double digit revenue growth in SE Asia markets offset by a disappointing performance in North Asia.
- Operating expenses were 3% higher due to investment in:
  - Sales teams; and
  - Hubs in Singapore and Shanghai.
- Asia contribution was \$0.4M lower than PCP.
- Focus on client acquisition given relative penetration in key markets and better leveraging of infrastructure across the region.

# Operating Expenses



Cost management remains an ongoing focus

Total Expenses		H1		
\$M	FY19	FY18	VARIANCE	VARIANCE %
Employee expenses	29.6	29.3	(0.3)	(1.0%)
Copyright	8.7	8.8	0.1	1.3%
Other cost of sales	4.4	4.1	(0.2)	(5.9%)
Occupancy	2.6	2.6	(0.0)	(0.3%)
Software and support	1.9	2.1	0.1	7.0%
Communication and marketing	1.4	1.8	0.4	23.9%
Other operating expenses	2.6	2.7	0.1	2.4%
<b>Total expenses</b>	<b>51.2</b>	<b>51.4</b>	<b>0.2</b>	<b>0.4%</b>
<i>Full-time Equivalent (FTEs)</i>	<i>1198</i>	<i>1248</i>	<i>50</i>	<i>4.0%</i>

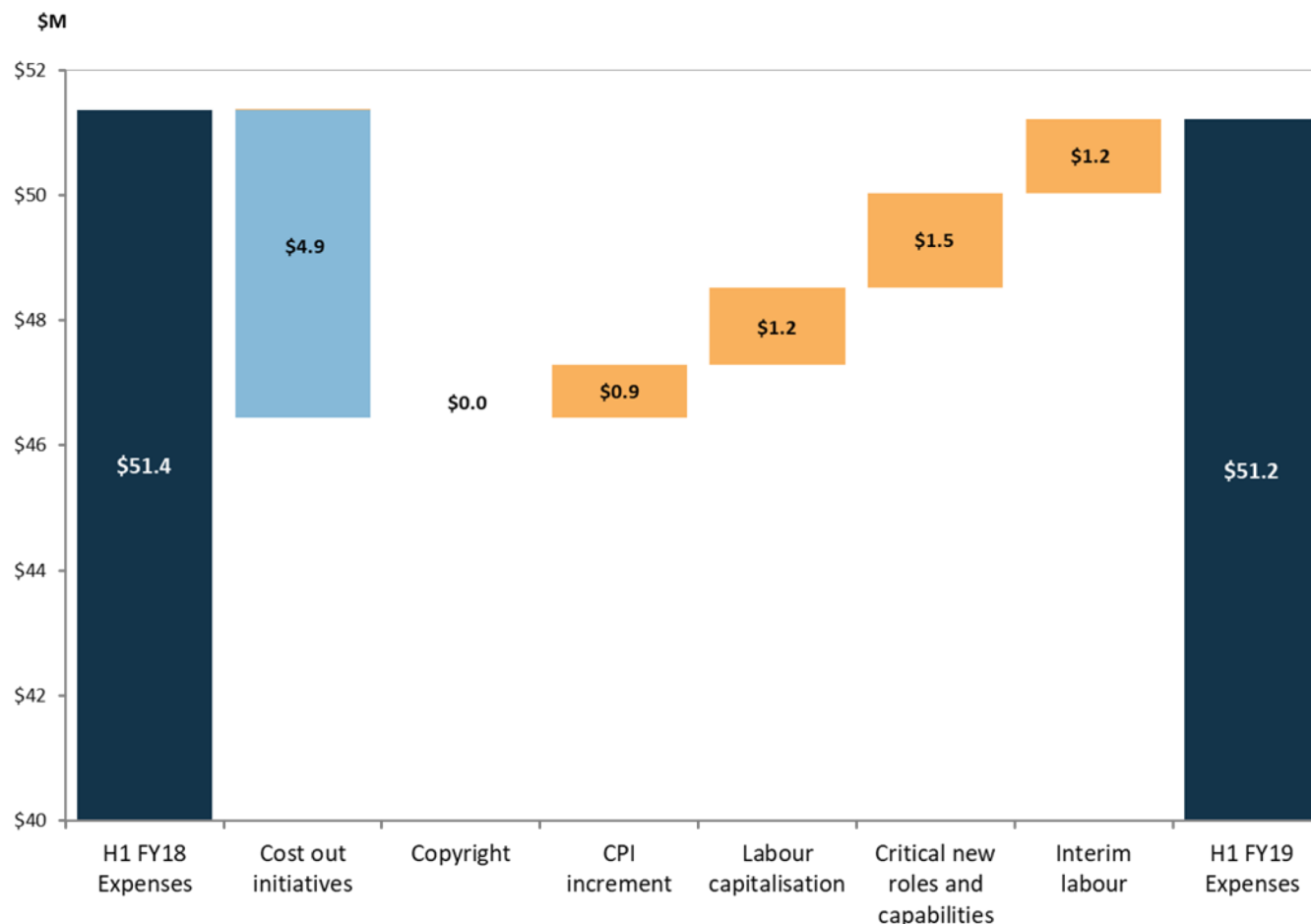
- Total expenses were slightly lower than PCP.
- Copyright costs were largely fixed.
- The cost-out program delivered current year contribution of \$4.9M, of which \$4.3M was labour savings.
- Labour savings offset by:
  - Lower labour capitalisation due to a focus on agile development and continuous delivery (also resulted in lower capex);
  - CPI wage growth; and
  - Investment in critical new roles and capabilities to support business growth.

Prior year comparatives excludes exited businesses.

# Cost Savings Reinvested For Future Growth



## Expenses movement H1 FY18 to H1 FY19



- Cost-out initiatives generated incremental savings of \$4.9M vs H1 FY18, primarily in labour.
- No change to copyright costs despite decline in revenue.
- Existing labour cost increase of \$0.9M as a result of CPI wage increments.
- \$1.2M lower labour capitalisation
- Investment in critical new roles and capabilities:
  - Product development and project management expertise;
  - Executive and sales leadership; and
  - Infrastructure support
- Interim labour required to improve service quality, pending future automation.

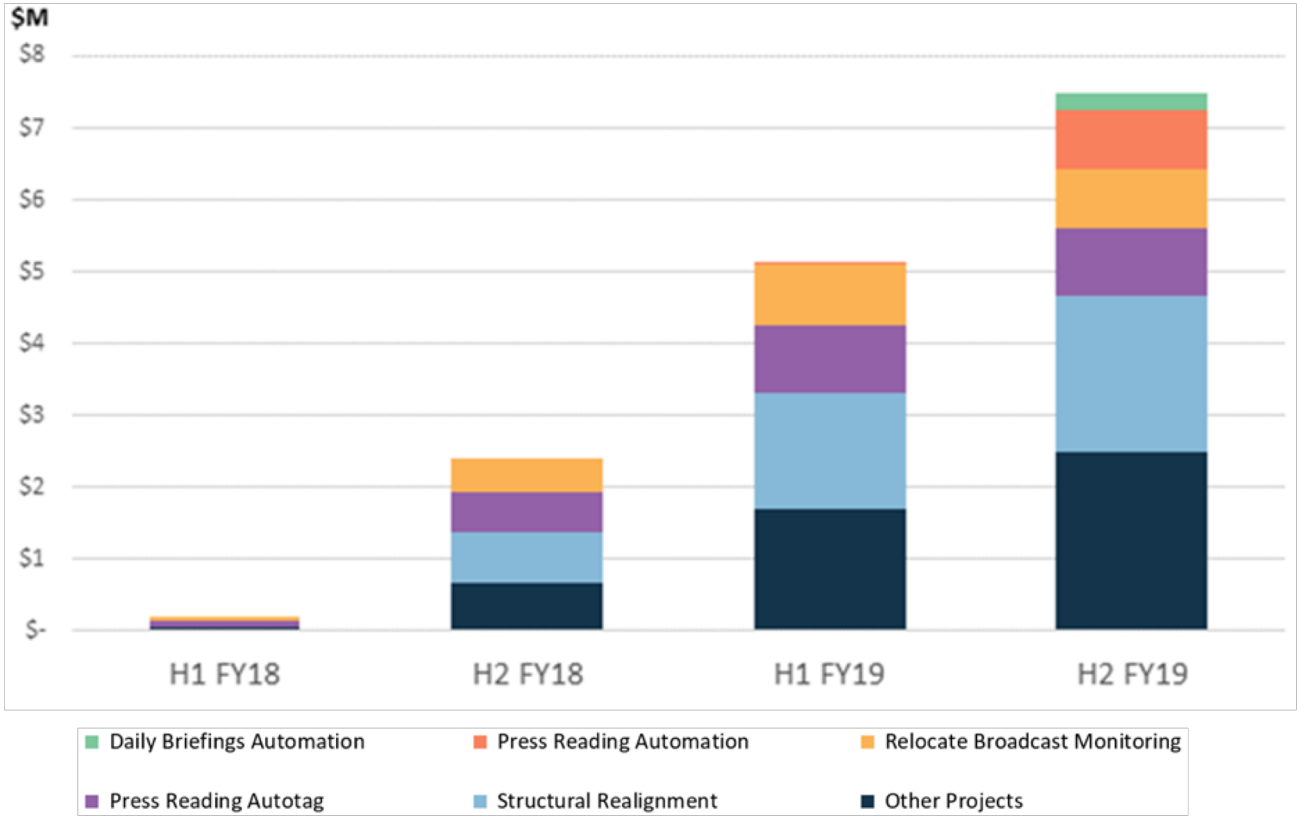


# Ongoing Cost Transformation



On track to exceed \$7M in cost reduction in current year

CUMULATIVE ANNUALISED SAVINGS FY18-FY19



- New projects have commenced including Press Automation and Daily Briefings.
- Other projects continue to deliver steady cost reductions as forecast.
- Further initiatives have been identified totalling \$4.0M of opportunities taking total benefits between \$10 - \$12M.

# Cash Flow



## Operating cash conversion remains strong

Cash Flows	H1	
\$M	FY19	FY18
<b>Cash flows from operating activities</b>		
Receipts from customers (inclusive of GST)	69.2	82.5
Payments to suppliers and employees (inclusive of GST)	(58.4)	(64.4)
Net interest	(1.2)	(1.0)
Other revenue	-	1.1
Income taxes paid	(1.5)	(2.7)
<b>Net cash from operating activities</b>	<b>8.1</b>	<b>15.4</b>
<b>Cash flows from investing activities</b>		
Payment for purchase of business, net of cash acquired	-	(0.2)
Payments to vendors for prior year assets acquisition	(2.4)	(2.4)
Payments for security deposits	-	0.2
Payments for property, plant and equipment	(0.7)	(0.6)
Payments for intangibles	(3.0)	(4.5)
Payment for purchase of asset acquisition	-	(0.5)
<b>Net cash used in investing activities</b>	<b>(6.0)</b>	<b>(8.0)</b>
<b>Cash flows from financing activities</b>		
Repayment of borrowings	(4.0)	(1.0)
Repayments of leases	(0.2)	-
Dividends paid	-	(6.2)
<b>Net cash from/(used in) financing activities</b>	<b>(4.2)</b>	<b>(7.2)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(2.0)</b>	<b>0.3</b>
Cash and cash equivalents at the beginning of the financial period	11.9	13.3
Cash and cash equivalents at the end of the financial period	9.9	13.5

- Strong operating cash conversion from Underlying EBITDA.
- Lower operating cash from PCP driven by lower sales despite improved collections.
- End of earnouts for SNC (Korea) and New Point Marketing (Hong Kong) businesses.
- Lower capitalisation of internal labour drove lower payments for intangibles.
- Management of our cash envelope is a key focus:
  - Gross borrowings reduced by \$4.0M during H1 FY19;
  - Net debt reduced by \$2.0M to \$41.1M; and
  - No dividends paid during the period.

# Debt Facility



Facility renewed

TERM DEBT \$M	AVAILABLE	DEBT DRAWN	GUARANTEES DRAWN	UNDRAWN
Facility A1	25.0	25.0	-	-
Facility A2	35.0	26.0	-	9.0
Facility B (Bank guarantee facility)	1.0	-	0.4	0.6
<b>Total debt</b>	<b>61.0</b>	<b>51.0</b>	<b>0.4</b>	<b>9.6</b>
Less: cash		9.9		
<b>Net debt</b>		<b>41.1</b>		

RATIOS	BANK COVENANT	ACTUAL	HEADROOM
Leveraged ratio	3x	1.5x	51%
Invest cover	3x	12.3x	76%

- Significant covenant headroom on debt facility.

# Non Cash Write-down Of Previously Recognised Intangibles

INTANGIBLE \$M	WRITE-DOWN
Internally Generated Software	\$3.2
Goodwill	\$19.0
Brands	\$0.1
<b>Total</b>	<b>\$22.3</b>

- Driven by market conditions and competitive environment.
- Goodwill in the Australian CGU\* relating to prior year acquisitions and transactions.
- Evaluated economic contribution of some historical system developments.
- Future amortisation considerations:
  - There may be some accelerated amortisation of software; and
  - Commence amortisation of brand names relating to prior acquisitions and transactions.
- The future amortisation of brands is not included in NPATA.
- **These expenses are non cash and do not impact on debt covenants.**

\*CGU: Cash Generating Unit

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**A fresh strategy to meet the future**

Ed Harrison, CEO

# ISENTIA is well-positioned for success with unique strengths



- Clear **market leader** in media intelligence across ANZ and Asia
- Local client base and media **expertise in 11 markets**
- Close partnerships with **local and multinational clients**
- Leading provider of **social analytics in Asia**
- Globally awarded **insights** business
- Strong **client service** ethos

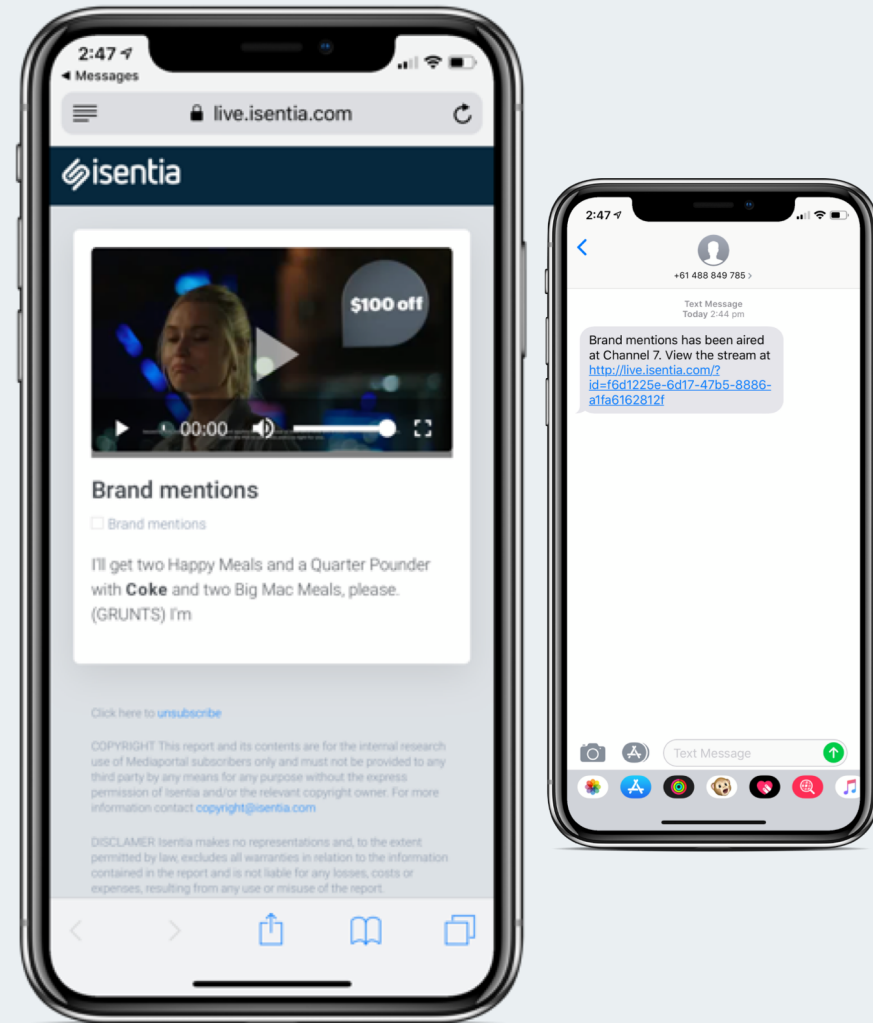
# We have made good progress in recent months

- Established successful new business development team
- Stabilised sales leadership across ANZ and increased skills base
- Existing cost-out program on track for \$11M by end 2020
- AI-driven automation projects reduced production FTE
- Positive progress in Copyright Tribunal proceedings



# Our release velocity has increased threefold...




- > Interactive analytics charts
- > Quick-export dashboard reports
- > One-click access to video streaming
- > Real-time broadcast alerts (beta test)
- > Improved discovery and analysis of Chinese language content
- > Expanded sentiment analytics



\*Velocity: H1 FY19 vs H2 FY18



# ...but the market is changing rapidly and challenges remain

	In the past	Moving forward	
Client	Comms / PR	Comms and marketing	 Evolving competitive landscape
	Do-it-for-me	Self-service options	
	Monitoring and simple metrics	Analytics and deeper insights	
	One-way comms	Two-way conversations	
	Local	Multi-market (regional or global)	
Product	Traditional media	Digital media and social	 Rapid product innovation now required
	Periodical	Real-time	
Tech	Reactive	Predictive and proactive	 Legacy IT infrastructure is slowing progress
	Capex and bespoke	Opex and SaaS	
	Bespoke tech system	Modular: proprietary & 3rd party	
	People	Artificial intelligence	

# We've completed a six-month strategic review process

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**Leadership** – new executive team



**Multi-market technology review** – mapped out from the ground up



**Product and project management** – new talent and processes



**Client feedback** – through multiple channels



**Review of changing underlying economics** – deeper understanding



**Asia business** – local management engaged in process



**Governance** – new board members with diverse perspectives

# We cannot shrink our way to sustainable long-term profitability

## Short-term options

Reduce investment in sales,  
marketing and account service

Reduce content coverage  
and data sources

Reduce investment in technology

Divest assets



## Outcomes

Slowing client acquisition

Client attrition

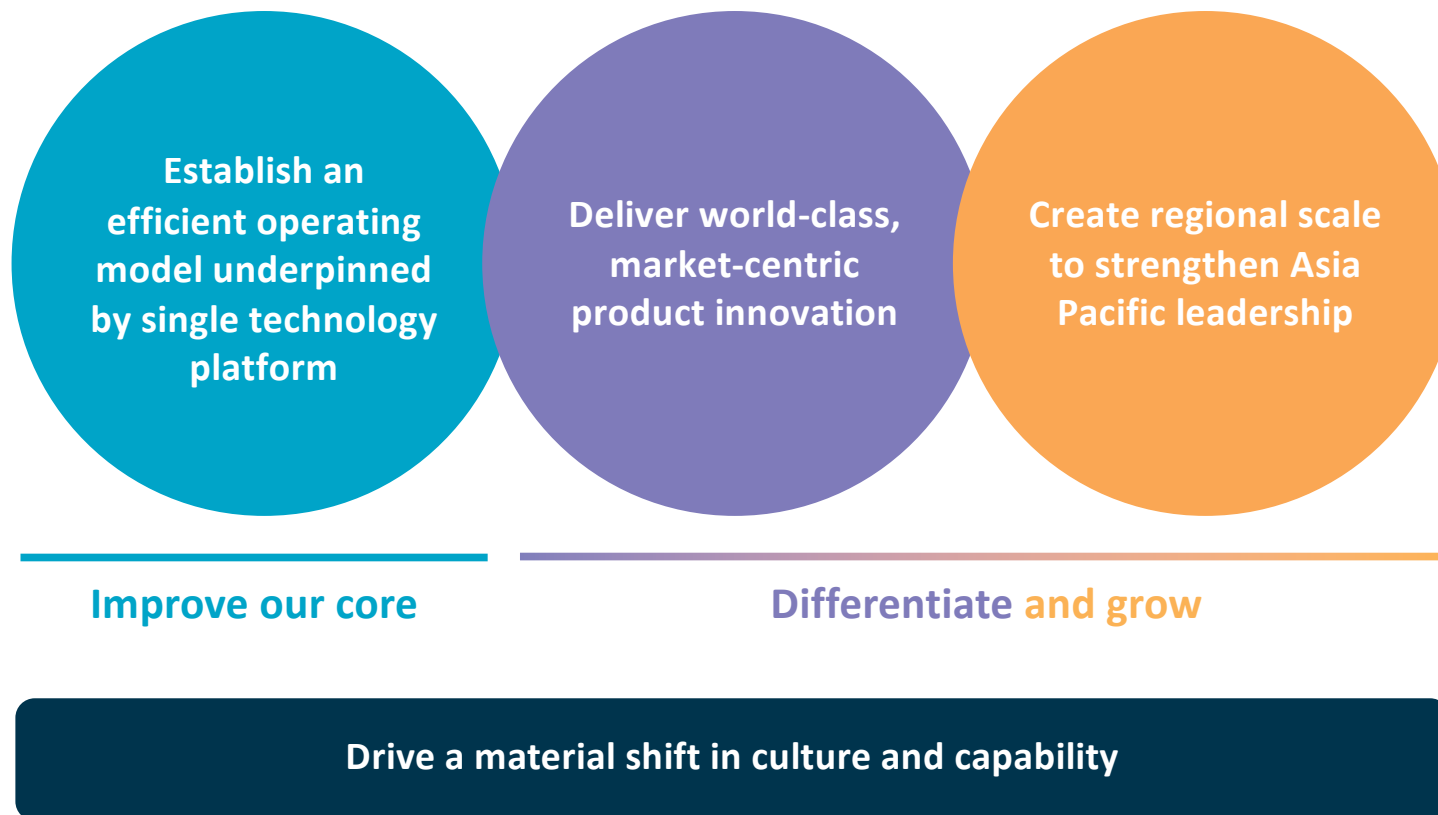
Lack of product innovation

Lose scale advantage and  
opportunity for growth

# Our fresh strategy is built on three pillars supported by a material shift in capabilities and culture

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## Empowering clients to make great decisions



# Establish an efficient operating model underpinned by single technology platform

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1

**Consolidate multiple production systems, data pipelines and client-facing products**

- Removes functional duplication
- Allows resource reallocation from maintenance to development
- Enables faster product development cycles
- Facilitates efficient ingestion of new data sources

2

**Automate core production workflows: Broadcast; Print; Daily Briefings; Insights; Online (Asia)**

- Developments in the quality of third-party technology now make this possible
- Increases delivery speed and accuracy
- Allows resource reallocation from production to technology

3

**Relocate ANZ production and administration roles to lower-cost locations**

- Ensures ANZ account teams are focused on solving client pain points
- Drives efficiency throughout the organisation

# Deliver world-class, market-centric product innovation

- 1 Establish iterative, market-validated product development processes**
  - Allows rapid response to market changes
  - Provides differentiation
  - Builds on reputation for client service and problem solving
  - Reduces investment risk profile
- 2 Build Asia-focused development capabilities**
  - Capitalises on current strengths in Asia social analytics
  - Ensures development is focused on high-growth markets

## Product releases over the next 12 months include....



Enhanced social media analytics



Real-time notifications and content delivery



Updated and expanded Insights product suite



Self-serve product features

# We are clear leader in Asia with strengths and opportunities that vary by region

ANZ	SE Asia	N Asia
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Approx. market size*	\$150M+	\$350M+	
Market growth	Low	High	High
Isentia market share	High	High	Low
Isentia monitoring/ analytics penetration	High	Medium	Low
Incremental cost to serve	Low	Medium	High

\*Burton-Taylor

# Create regional scale to strengthen Asia Pacific leadership

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1

**Integrate Asia social media functionality into Mediaportal**

- Provides single integrated (traditional, online and social) platform
- Future product developments flow automatically to ANZ
- Builds tech scale to serve region profitably

2

**Invest in sales and marketing in SE Asia and expand multinational client base**

- Media intelligence remains relatively immature in SE Asia
- Strong track record in multinational sales with local and regional expertise
- Existing unique multi-language tech capabilities

3

**Focus exclusively on insights in China**

- Builds on existing strength in Insights and offloads unprofitable business
- Leverages existing local relationships with multinational clients
- Reduced opex and no capital requirements in near term



# Drive a material shift in culture and capabilities

 With new additions to the executive team who have **done this before**



**ED HARRISON**  
Managing Director and CEO

Sales effectiveness, digital media, leading through change



**PETER McCLELLAND**  
Chief Financial Officer

Public company finance, Asia operations



**JEN MARSHALL**  
Chief Product Officer

Digital product development, innovation cultures



**PAUL RUSSELL**  
Chief Technology Officer

Large scale technology transformation, software development



**KELLY YOUNG**  
Chief Human Resources Officer

Change management, building leadership capability

## A culture to support our strategy



Align KPIs with strategy



Build innovation into who we are and how we hire



Decentralise decision making and empower people

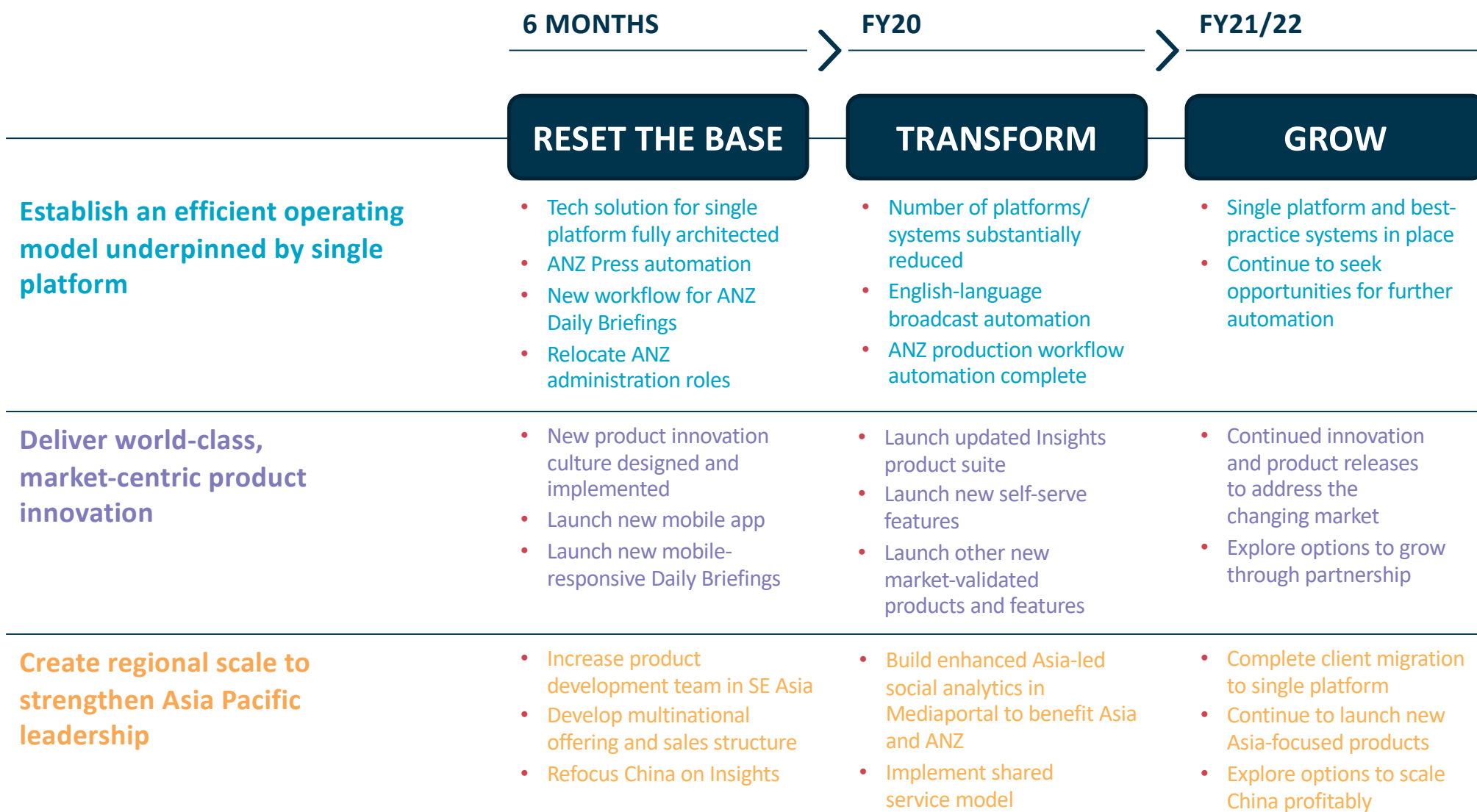


Attract and retain talented people with a bias towards action



Strengthen leadership and change management capabilities

# We have a clear path to growth

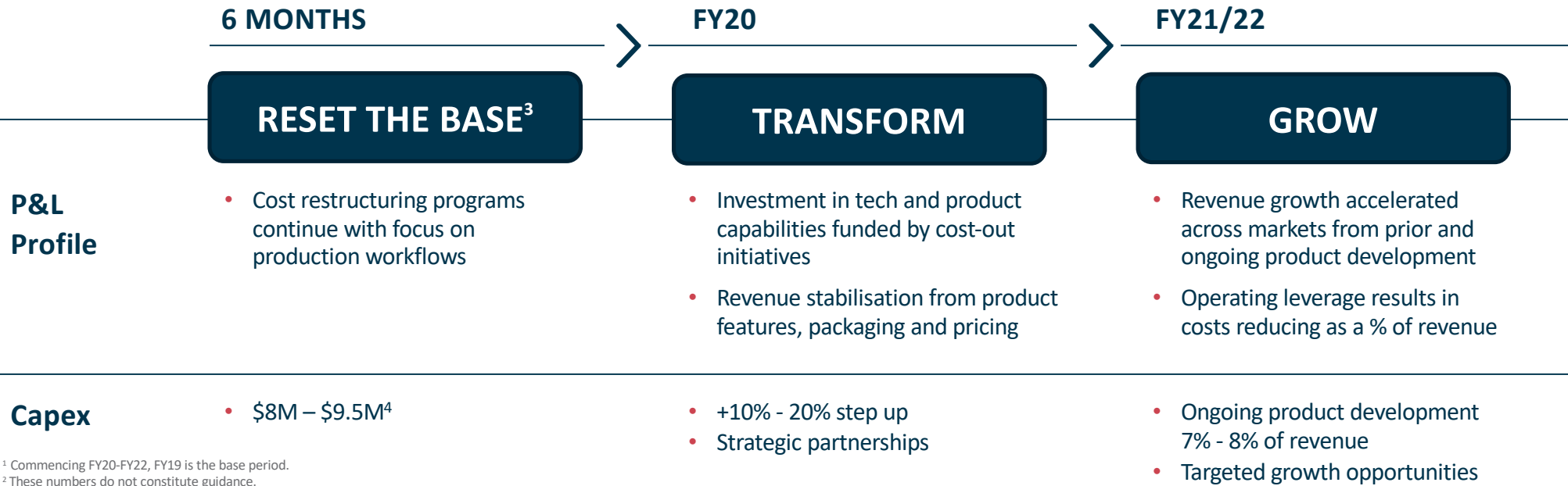


# We have a clear path to growth

	3 YEAR CAGR <sup>1</sup> OBJECTIVES <sup>2</sup>
ANZ Revenue	1-3%
Asia Revenue	5-10%
EBITDA	10-20%



EBITDA accelerates over the plan as remediation and transformation investments translate into revenue and profit growth.



<sup>1</sup> Commencing FY20-FY22, FY19 is the base period.  
<sup>2</sup> These numbers do not constitute guidance.  
<sup>3</sup> Consistent with 2019 guidance.  
<sup>4</sup> Capex represents FY19 spend.

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## Outlook FY19

Ed Harrison, CEO

# Update on Australian copyright



Current agreement with Copyright Agency Limited was due to expire on 30 June 2018.



Lodged application in Copyright Tribunal. Reasons for Determination on interim licence received from Tribunal on 16 November 2018.



Currently awaiting orders from the Copyright Tribunal giving effect to Reasons for Determination.



If orders are as anticipated part of the interim licence terms will provide for a variable volume-based fee. Previous agreement was largely fixed cost.



If orders are as anticipated a modest reduction in copyright costs are expected from 1 December 2018.



Final determination of the terms of the licence will be retroactive to 1 December 2018.



Isentia is committed to adoption of an industry-wide copyright scheme to ensure a level playing field with competitors.

# FY19 Outlook

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FY19 revenue guidance  
in the low to mid  
\$120M range



FY19 Underlying  
EBITDA guidance  
in the low to mid  
\$20M range



Underlying EBITDA  
guidance assumes  
a modest reduction in  
copyright costs



The Board considers it  
prudent to continue to  
use free cash to reduce  
debt and therefore no  
interim dividends have  
been declared



# Appendix

# Group Financial Results



## Isentia Group (includes Content marketing in FY18)

Group	H1			
\$M	FY19	FY18	VARIANCE	VARIANCE %
<b>ANZ</b>	<b>44.7</b>	<b>51.8</b>	<b>(7.1)</b>	<b>(14%)</b>
SaaS - Media Intelligence	35.8	40.5	(4.7)	(12%)
VAS	8.9	9.1	(0.3)	(3%)
Content marketing	-	2.2	(2.2)	-
<b>Asia</b>	<b>17.5</b>	<b>19.0</b>	<b>(1.5)</b>	<b>(8%)</b>
SaaS - Media Intelligence	8.0	7.8	0.2	3%
VAS	9.5	9.6	(0.1)	(1%)
Content marketing	-	1.7	(1.7)	-
<b>Revenue</b>	<b>62.2</b>	<b>70.8</b>	<b>(8.6)</b>	<b>(12%)</b>
Copyright, consumables and other direct purchases	(16.0)	(19.6)	3.6	18%
Employee costs	(29.6)	(32.8)	3.2	10%
Other operating expenses	(5.6)	(6.5)	0.9	15%
<b>Expenses</b>	<b>(51.2)</b>	<b>(58.9)</b>	<b>7.7</b>	<b>13%</b>
<b>Underlying EBITDA</b>	<b>11.0</b>	<b>11.9</b>	<b>(0.9)</b>	<b>(8%)</b>
Underlying EBITDA margin	18%	17%		
Non operating items	(1.5)	(1.2)	(0.3)	(25%)
Fair value adjustment on contingent consideration	0.0	1.5	(1.4)	98%
Proceeds from legal settlement	-	1.1	(1.1)	-
Impairment of assets	(22.3)	(1.7)	(20.5)	-
<b>EBITDA</b>	<b>(12.8)</b>	<b>11.5</b>	<b>(24.3)</b>	<b>(211%)</b>
Depreciation and amortisation	(3.7)	(5.0)	1.3	26%
Amortisation of acquired intangibles	(4.1)	(8.3)	4.2	50%
Finance costs	(1.2)	(1.1)	(0.1)	(5%)
<b>Profit/(loss) before tax</b>	<b>(21.8)</b>	<b>(2.9)</b>	<b>(18.8)</b>	<b>647%</b>
Tax	(0.3)	(1.1)	0.8	73%
<b>NPAT</b>	<b>(22.1)</b>	<b>(4.0)</b>	<b>(18.0)</b>	<b>446%</b>
add back: Amortisation of acquired intangibles after tax	3.2	6.2	(3.0)	(48%)
<b>NPATA</b>	<b>(19.0)</b>	<b>2.2</b>	<b>(21.1)</b>	<b>(972%)</b>
add back: Impairment of assets	21.6	1.7	19.9	1,152%
add: Extraordinary items (net of tax)	1.2	(1.3) <sup>1</sup>	2.5	(191%)
<b>Underlying NPATA</b>	<b>3.9</b>	<b>2.6</b>	<b>1.3</b>	<b>49%</b>
Underlying Earnings per share (cents)	1.9	1.3	0.6	49%

FY18 includes Gains from Fair value adjustment on contingent consideration and Proceeds from legal settlement

- Underlying EBITDA excludes non operating items.
- Included in current year non operating items:
  - Restructuring costs \$1.1M; and
  - Other non operating items \$0.4M; and
  - Impairment of previously recognised intangibles \$22.3M.
- Depreciation and amortisation reduced due to exit from the content marketing business.



# Summary Balance Sheet

Balance Sheet		
\$M	December 2018	June 2018
<b>Current assets</b>		
Cash and cash equivalents	9.9	11.9
Trade and other receivables	21.8	23.2
Other	3.7	3.3
<b>Total current assets</b>	<b>35.4</b>	<b>38.4</b>
<b>Non-current assets</b>		
Property, plant and equipment	4.4	4.6
Intangibles	117.6	142.4
Other	3.4	3.5
<b>Total non-current assets</b>	<b>125.4</b>	<b>150.5</b>
<b>Total Assets</b>	<b>160.8</b>	<b>188.9</b>
<b>Current Liabilities</b>		
Trade and other payables	17.9	17.9
Borrowings	4.1	0.3
Contingent consideration	0.8	3.2
Other	5.6	6.0
<b>Total current liabilities</b>	<b>28.4</b>	<b>27.5</b>
<b>Non-current liabilities</b>		
Borrowings	47.5	55.5
Contingent consideration	0.6	0.6
Other	13.6	14.9
<b>Total non-current liabilities</b>	<b>61.7</b>	<b>71.0</b>
<b>Total Liabilities</b>	<b>90.1</b>	<b>98.4</b>
<b>Total equity</b>	<b>70.7</b>	<b>90.5</b>

- Cash reduced by \$2.0M due to repayment of \$4.0M bank loan.
- Reduced trade and other receivables balance in line with decline in revenue.
- Reduced current contingent consideration reflects end of earn out payment to SNC (Korea) and New Point Marketing (Hong Kong).
- Current borrowings reflects the business intentions to pay down debt.

**Thank you**