

# ASX Release

FOR IMMEDIATE RELEASE

14 November 2019

## 2019 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 Isentia Group Limited's Annual General Meeting commencing at 11.00am today.

**Jacquie Shanahan**  
Company Secretary

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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)

**Isentia Group Limited**  
**Annual General Meeting**  
**14 November 2019**

**Chairman's Address**

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**Slide 2 - Chairman's Address**

Before moving to the formal part of the meeting and the business update from your Managing Director and CEO Ed Harrison, I would like to welcome you to Isentia's 2019 Annual General Meeting.

**Slide 3 - Leading Provider of Media Intelligence in Asia-Pacific**

The 2019 financial year represented another important year for the company as we continued the transformation commenced in 2018.

Across the global economy, in virtually every business sector, markets are being impacted by new entrants. Your company has a clear strategy to respond through investment in technology, improved marketing and sales and to extend our existing competitive advantage in customer service, domain knowledge and operational scale.

We remain the market leader and continue to provide the most comprehensive media intelligence solutions to governments and corporations across the Asia-Pacific region.

The rapidly evolving media environment means that our services are more critical than ever to our almost three and a half thousand customers, keeping them informed about conversations on traditional and social media that affect their brand, policy or reputation.

Isentia's FY19 financial results were in line with the earnings guidance provided in August 2018. The result showed once again that at its core, Isentia is a subscription business with 78% recurring revenue and strong cash flow conversion from operations.

The Board's priorities during the year were around extending our competitive advantage and reducing our net debt. Our investments are bearing fruit; at 30 June 2019, our net debt was \$28.3 million, down from \$43.1 million, the year before. We now have an outstanding leadership team in place and have improved productivity across the group.

The Board decided not to pay a dividend in FY19 to conserve cash for technology investment, reduce debt and other strategic initiatives.

#### **Slide 4 - Isentia is well positioned for success with unique strengths**

Isentia remains well-positioned across the Asia-Pacific with many unique strengths that reflect our deep client relationships and broad product offering.

Navigating highly competitive markets is not easy but in the past year, we have made several changes that provide a roadmap for growth as we respond to the challenges in ANZ and the significant opportunities we have in Asia.

Since joining Isentia in August 2018, Ed Harrison, our CEO, has driven significant cultural and operational change; appointing a new leadership team, improving sales productivity and increasing innovation and investment in product development.

In February 2019, following a six-month review, we launched a new strategy that set out clear long-term objectives. These are based on the establishment of an efficient operating model underpinned by a competitive, single technology platform, the delivery of world-class, market-centric product innovation and investment in the Asian growth markets to drive scale.

As we roll out our new strategy, we have put in place management incentives that closely reflect the priorities of the strategic plan. We believe this strikes an appropriate balance between ensuring the business meets its short-term targets, but with an improving longer-term investment profile under the new leadership team.

This year we have also seen a fundamental shift in Isentia's product development profile which is now focused on incremental, low risk, shorter payback projects. This has resulted in a tripling of our

product release velocity, providing our customers with features such as real-time delivery and better analytics tools. This agile product development allows us to better meet our clients' expectations for ever faster delivery of content and for products that are innovative and market-leading.

At the same time, we have introduced greater flexibility into our cost base through a number of cost-out initiatives and a positive outcome from our action in the Copyright Tribunal. Over the past two years, we have realised \$7.6 million in cost-out as we automated processes, such as our press workflow resulting in the faster delivery of print content to our clients. Some of these cost savings are being reinvested in other parts of the business to drive product development and technological improvements.

Isentia made progress in the Copyright Tribunal as part of our campaign to achieve a level playing field for all media intelligence providers in Australia. In April 2019, the Tribunal made orders granting Isentia an interim copyright licence to apply from 1 December 2018. The interim licence terms mean that for the first time since mid-2016, Isentia's copyright costs will include a volume-based fee component and will be more in line with our competitors. Our action in the Copyright Tribunal is ongoing and a final hearing date for our application has been set for late 2020.

The renewal of our Board continued through FY19 with the appointment of Abigail Cheadle as an Independent Non-Executive Director and Chair of the Audit and Risk Committee in January 2019. Two-thirds of our expanded six-member Board were appointed in the past 18 months bringing a fresh perspective and relevant mix of skills to Isentia. We are grateful to Fiona Pak-Poy for her continued involvement. We have a capable and experienced Board that has combined well with the management team.

FY19 has been a year of meaningful progress for Isentia as the Board and leadership team reset the business for future growth. The new strategy provides a roadmap for responding to the challenges of the marketplace which builds on the expertise and agility now found within the organisation.

I look forward to working with the Board, Ed and his leadership team as we continue to transform the business in FY20. I would now like to invite your Managing Director and CEO, Ed Harrison to address the meeting and provide a business update.

## CEO Address

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### Slide 5 - Managing Director and CEO's Address

Good morning ladies and gentlemen and I would like to add my welcome to today's AGM.

FY19 was a significant year for Isentia. We continued to transform the company, shifting our investment from operations to technology in order to drive productivity and increase the flexibility of our cost base.

The demand for media intelligence continues to grow as the proliferation of media channels and acceleration of the news cycle means that governments and corporates must navigate an increasingly complex communications landscape in real time.

Isentia is uniquely positioned to support our customers as they navigate this new reality due to our longstanding client relationships across the Asia-Pacific and our ability to ingest, search and analyse content across all media.

As the Chairman mentioned, Isentia is the market leader in media intelligence across the APAC region. We continue to renew the vast majority of our government and corporate clients in Australia despite a highly competitive environment. In fact, across FY19 we won over 100 clients back from our competitors. We are able to do this because we provide the most comprehensive suite of on-platform media intelligence products alongside an unrivalled portfolio of managed services.

Our primary platform, Mediaportal, provides our clients with an ever-evolving array of sophisticated analytics tools and dashboards, allowing them to better understand the implications of the data they receive. This is further supplemented by our award-winning Insights products, through which our teams of analysts and researchers are able to deliver deep insights into any number of issues. This combination of powerful technology and human experience is why our clients chose to keep us by their side on a daily basis and, particularly during times of crisis.

In Asia, we are a leading provider of social media analytics in many markets and we are in the process of incorporating that functionality into Mediaportal. South-East Asia remains a strong region for us with the double-digit revenue growth recorded in FY19 continuing into the first quarter of FY20.

We have established a multi-market sales capability and we are seeing success in acquiring business from multi-national companies operating throughout the region. We believe that demand from multi-nationals will continue to grow as they themselves expand their operations in these growing economies. We are uniquely positioned to capture this growth with our on-the-ground presence and multi-lingual capabilities in both people and technology.

North Asia remains difficult with a structural decline in traditional print monitoring affecting our performance in the region. China is a tough market and the ongoing political upheaval in Hong Kong has impacted revenue for the fiscal year to date. We have been working hard to right size the cost base in North Asia and shift our focus to profitable Insights revenue. We will continue to closely monitor our performance in this region.

We were also delighted to announce the appointment of James Merritt who commenced last month as our new Chief Executive Asia. James has spent almost a decade, leading businesses in Asia and brings valuable expertise in sales leadership, software, data and insights.

#### **Slide 6 - FY19 Financial Overview**

Turning to our FY19 result, we reported revenue of \$122.5m and underlying EBITDA of \$23.1m, both of which were in line with the guidance provided in August 2018. Our underlying net profit after tax and amortisation was \$9.2m. A \$41m write-down of intangible assets led to a NPAT loss of \$34.3m.

Our strong operating cash flow conversion from underlying EBITDA was again evident and contributed to our net debt being reduced by \$14.8m to \$28.3m at 30 June 2019. This was a particularly pleasing outcome with our gross and net debt at their lowest levels in four years.

#### **Slide 7 - A change in direction throughout FY19**

FY19 was a year of substantial change at Isentia. We pointed the company in a new direction with the appointment of a new leadership team, the launch of a new strategy and a restructuring of our cost base.

We realised significant operational efficiencies across the business through increased automation and the leveraging of our Asia-Pacific network to optimise resource allocation. We delivered on our FY19 objective to achieve \$5.2m in cost savings which are being reinvested in technology to secure further long-term efficiencies.

As the Chairman mentioned, the issuing of an interim licence by the Australian Copyright Tribunal is a crucial step towards establishing a “level playing field” for copyright and introduces a variable component into what had previously been a rather onerous fixed cost.

### **Slide 8 - Our strategy**

Following extensive reviews across multiple areas of the business, we launched a new strategy in February 2019 that is designed to change the way we work and the way we deliver to our clients.

Our strategy is based on three key pillars which are:

- 1) establishing an efficient operating model, underpinned by a single technology platform;
- 2) delivering world-class, market-centric product innovation; and
- 3) creating regional scale to strengthen Asia-Pacific leadership.

In essence, our strategy is simple; take cost out of operations where we can and invest those savings back into technology and our platforms to meet our clients’ evolving needs.

### **Slide 9 - Our clear path to growth remains unchanged**

Our strategic roadmap sets out a series of major milestones under each of these pillars which will be delivered over the FY19 to FY22 period. For Isentia, achieving an efficient operating model depends on automating core production and data pipeline workflows whilst using our unique Asia-Pacific footprint to gain the benefits of scale. I will not go into each of these in detail, but we delivered on our initial set of objectives in the first six months of our plan.

Significant cost-out has come from ensuring that we have the right investment in the right people in the right functions and locations. As a result of our regional footprint, we have been able to move administrative functions from high cost Australian locations to lower cost Asian markets.

An example of this is the relocation of our sales administration teams to our Manila office which has allowed us to free up resources in ANZ to focus on providing best-in-class account management and business development.

#### **Slide 10 - Establishing an efficient operating model**

Two projects that have been fundamental to shifting how we work in FY19 were in press automation and our Daily Briefings service.

In press automation, we have reduced labour by using natural language processing and improved search technology to automate the processing of newspaper content, and the process by which data is parsed for relevance and delivered to clients.

The results from this project have been impressive. A year ago, when I joined Isentia, less than a third of the press workflow was automated. Today, having implemented new third-party technology into our tech stack, that figure is over 80%. As our confidence in the technology grows, we believe that we are close to the point at which full automation in this specific area will provide the optimal outcome for our clients.

Turning to Daily Briefings, we have built a new proprietary production platform which has enabled faster and smoother delivery of this important product, which lands in tens of thousands of corporate and government mailboxes daily.

Whilst technology is now doing much of the heavy lifting in the areas of content ingestion and relevance, people remain integral to the provision of complex solutions to the problems that PR and comms professionals face. Human intervention is necessary to deeply understand client requirements and to provide critical proactive support; we strongly believe that this simply cannot be achieved with self-serve solutions alone.

#### **Slide 11 - Delivering world-class market-centric innovation - Product release velocity increased threefold**

This year we have also made great strides in implementing a market-validated iterative product development process that allows for rapid responses to market changes.

This approach has resulted in a three-fold increase in our product release velocity in FY19 and provides us with a pipeline of new, differentiated product features while also reducing our investment risk profile. This has been an important element in the level of win backs achieved in FY19.

### **Slide 12 - Delivering world-class market-centric innovation**

Major product launches during the year included Live Alerts which provides our clients with real-time delivery of broadcast content; this is now available in ANZ and we have launched a pilot in Singapore. We have also enhanced and expanded our on-platform analytics tools and we are currently rolling out our new Command Centre dashboard.

Clients can now see their coverage in feeds view, providing a fast and visually appealing way to browse their latest media items. Daily Briefings are now delivered in a mobile responsive email template. I am also pleased to announce that, following Beta testing with existing clients, our new mobile app launched in the App Store this week and we are in the process of on-boarding our SaaS client base in Malaysia, Singapore, the Philippines, New Zealand and Australia.

These product features have been well received by our existing clients. Just as importantly, these product releases allow our sales team to have fresh conversations with prospective clients.

We are driving scale in Asia from better leveraging of our core products, technology and infrastructure across the region and, as mentioned, by integrating our strong Asian social media analytics functionality into our Mediaportal platform.

We already have a strong presence in social media monitoring, but we will be able to leverage our Asian expertise in this area to deliver even better monitoring and analysis to our customers in Australia and New Zealand.

### **Slide 13 - FY20 outlook**

Turning to the current financial year, South-East Asia continues to perform strongly, delivering double digit revenue growth for the year to date. However, the political situation in Hong Kong has weighed significantly on revenues in North Asia and Australia has underperformed our expectations to date. As a result, we now expect that the rate of revenue decline in FY20 is less likely to slow and instead more likely to resemble FY19.

Despite this, we reaffirm our FY20 EBITDA guidance of \$20-23m. The hard work we have done to increase the flexibility in our cost base over the past two years is paying off and means that the softer revenue outlook is not expected to impact EBITDA.

It is also important to remember that this is not the first time our industry have gone through a period of intense competition. We have faced it before and prevailed and will do so again.

Naturally, the transformation of our business and implementation of our strategy depends on the capabilities of our people to effect change. This starts with our leadership team who have made significant contributions to the progress achieved this year.

I want to take this opportunity to acknowledge two longstanding members of this team, Sean Smith and Khali Sakkas, who will leave us at the end of December. Both Sean and Khali have had successful careers at Isentia, building strong teams in their respective areas. We thank them for their significant contributions and wish them all the best for the future.

I would also like to thank the Board and the rest of the Isentia team for their hard work and commitment over the past 12 months.

The year ahead will be one of focused execution as we deliver our strategic plan and continue to turnaround our company.

And finally, I would like to thank you, our shareholders for your ongoing support.

# 2019 ISENTIA Annual General Meeting

14 November 2019

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## Chairman's Address

Doug Snedden

# Leading provider of media intelligence in Asia-Pacific



## FY19 Revenue by Region



**11**  
Markets

**18**  
Languages

**3,336**  
Subscription customers\*

**78%**  
Recurring revenue\*\*

\*Average subscription customers over 6 months to 30 June 2019.  
\*\*Percentage of FY19 revenue that is recurring (subscription & VAS revenue).

# Isentia is well-positioned for success with unique strengths

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APAC

**market leader**

in media intelligence

Close partnerships with

**multinational**

and local clients

Strong

**client service**

ethos

Leading provider of

**social analytics**

in Asia

Local client base and expertise

**11 markets**

Globally awarded

**Insights**

business

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## Managing Director and CEO's Address

Ed Harrison

# FY19 Financial Overview

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Revenue of

**\$122.5M**

in line with FY19 guidance

Underlying EBITDA<sup>1</sup> of

**\$23.1M**

in line with FY19 guidance

Underlying NPATA

**\$9.2M**

in line with underlying EBITDA

NPAT loss of

**\$34.3M**

due to a write-down of  
intangible assets in FY19

Operating cash flow of

**\$25.9M**

due to strong conversion from  
underlying EBITDA<sup>2</sup>

Net debt reduced by

**\$14.8M**

to \$28.3M at 30 June 2019

Gross debt reduced by \$22m since 2017

<sup>1</sup> Underlying EBITDA and underlying NPATA reflect adjustments for certain non-operating items.

<sup>2</sup> Operating cash flow reflects timing benefit in respect to payments.

# A change in direction throughout FY19

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## New Executive Team

Driving a material shift in culture and capability

New Chief Executive Asia recently appointed

## New Strategy

Launched in Feb FY19

H2 FY19 milestones achieved

## Restructured Cost Base

Favourable interim copyright licence in place

Cost out program delivered \$5.2M in FY19

Strategic growth investment underway

# Our strategy

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## Empowering clients to make great decisions

Establish an efficient operating model underpinned by single technology platform

Deliver world-class, market-centric product innovation

Create regional scale to strengthen Asia Pacific leadership

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Improve our core

Differentiate and grow

Drive a material shift in culture and capability

# Our clear path to growth remains unchanged

H2 FY19 → FY20 → FY21/22

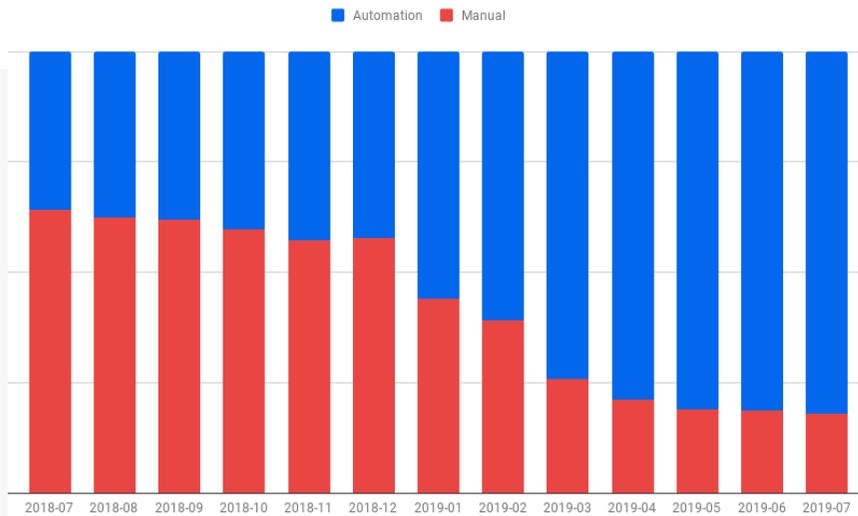
**Establish an efficient operating model underpinned by single platform**

**Deliver world-class, market-centric product innovation**

**Create regional scale to strengthen Asia Pacific leadership**

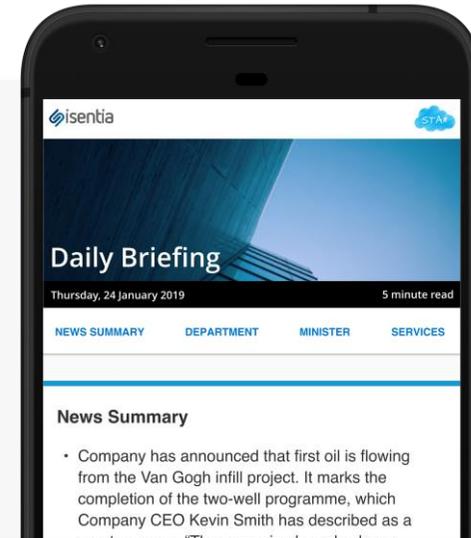
	RESET THE BASE	TRANSFORM	GROW
Establish an efficient operating model underpinned by single platform	<ul style="list-style-type: none"> <li>Tech solution for single platform fully architected</li> <li>ANZ Press automation</li> <li>New workflow for ANZ Daily Briefings</li> <li>Relocate ANZ administration roles</li> </ul>	<ul style="list-style-type: none"> <li>Number of platforms/systems substantially reduced</li> <li>English-language broadcast automation</li> <li>ANZ production workflow automation complete</li> </ul>	<ul style="list-style-type: none"> <li>Single platform and best-practice systems in place</li> <li>Continue to seek opportunities for further automation</li> </ul>
Deliver world-class, market-centric product innovation	<ul style="list-style-type: none"> <li>New product innovation culture designed and implemented</li> <li>Launch new mobile app</li> <li>Launch new mobile-responsive Daily Briefings</li> </ul>	<ul style="list-style-type: none"> <li>Launch updated Insights product suite</li> <li>Launch new self-serve features</li> <li>Launch other new market-validated products and features</li> </ul>	<ul style="list-style-type: none"> <li>Continued innovation and product releases to address the changing market</li> <li>Explore options to grow through partnership</li> </ul>
Create regional scale to strengthen Asia Pacific leadership	<ul style="list-style-type: none"> <li>Increase product development team in SE Asia</li> <li>Develop multinational offering and sales structure</li> <li>Refocus China on Insights</li> </ul>	<ul style="list-style-type: none"> <li>Build enhanced Asia-led social analytics in Mediaportal to benefit Asia and ANZ</li> <li>Implement shared service model</li> </ul>	<ul style="list-style-type: none"> <li>Complete client migration to single platform</li> <li>Continue to launch new Asia-focused products</li> <li>Explore options to scale China profitably</li> </ul>

# Establishing an efficient operating model



## Press Automation

- Press relevancy processing now 80% automated using machine learning
- FTE cost reduction
- Faster delivery of content to clients
- Increased levels of accuracy in delivering relevant content

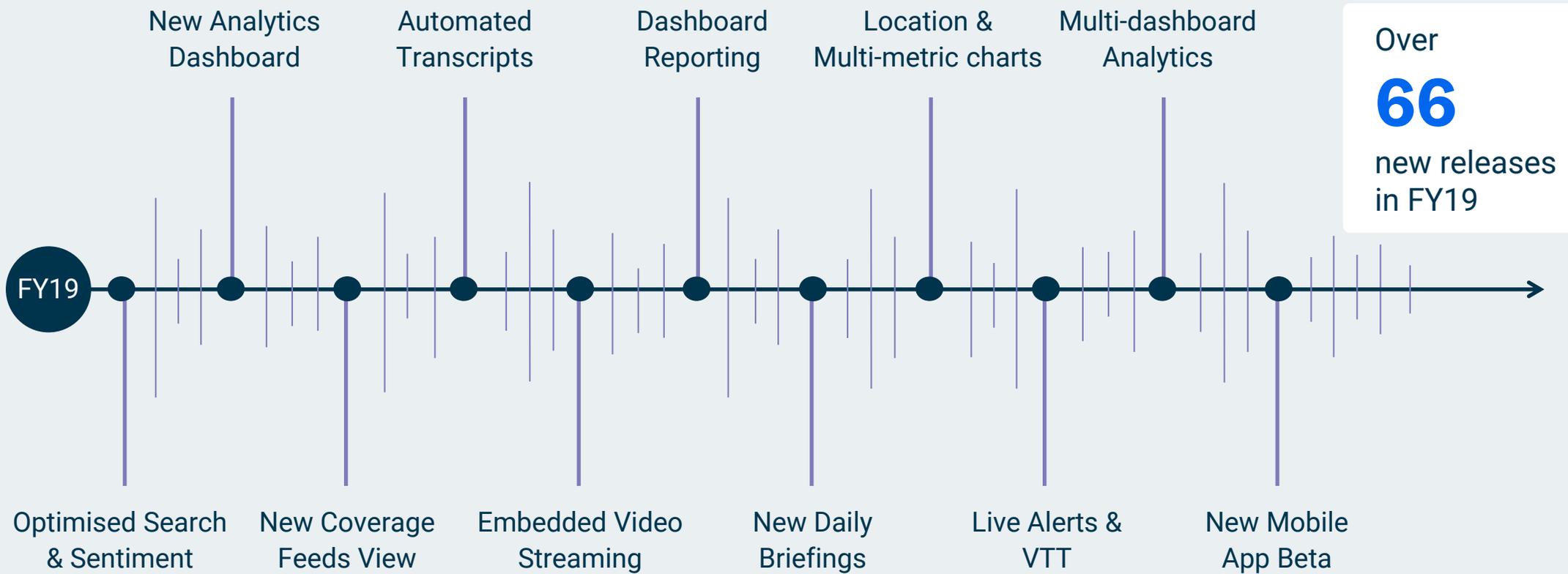


## Daily Briefings

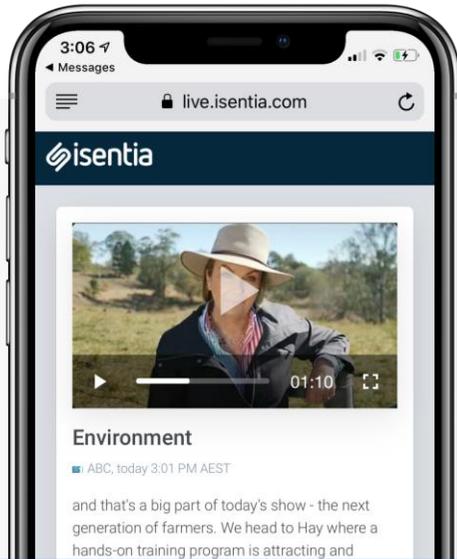
- New proprietary production platform
- Faster delivery to clients
- New mobile-friendly, email optimised experience
- Improvement in labour efficiency

# Delivering world-class, market-centric product innovation

Product release velocity increased threefold

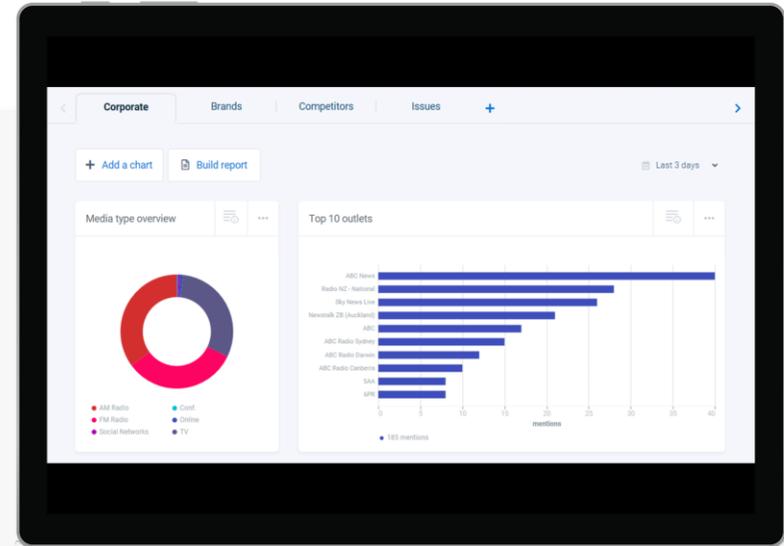


# Delivering world-class, market-centric product innovation



## Live Alerts

- New real-time SMS alerting system using voice to text technology
- Delivers shareable broadcast content to clients
- Strong growth in usage since launch



## Dashboard Analytics

- Powerful on-platform analytics tools including multi-dashboard capabilities, integrated reporting and customisable data visualisation
- 44 new features released since launch
- Available to clients across Asia-Pacific

# FY20 Outlook

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Expect revenue decline to be similar to FY19

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Significant operating and capital investments in building new products and technology

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FY20 EBITDA guidance of \$20M – \$23M

Excluding the impact of AASB16 lease accounting standard

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