



FOR IMMEDIATE RELEASE

1 August 2017

## TRADING UPDATE

- **Updated FY17 earnings guidance**
- **Impairment of King Content business**
- **Strong FY17 year-end balance sheet**
- **Strategic initiatives underway to improve performance in FY18**

Isentia Group Limited (ASX: ISD or “Isentia”) today provides updated revenue and earnings expectations for the year ended 30 June 2017 based on preliminary, unaudited financial accounts. These results remain subject to completion of the external audit of Isentia’s financial statements. Isentia will report final FY17 results on 23<sup>rd</sup> August 2017.

FY17 Earnings Guidance		
	Updated Guidance	Previous Guidance
Revenue	\$155.1m	In line with consensus estimate of \$162m
Underlying EBITDA	\$41.5m	In line with consensus estimates of \$44m
Dividend policy	50% of underlying NPATA	50% of underlying NPATA

Isentia CEO John Croll said “While it is disappointing to have to provide this lower earnings update for FY17, looking forward, we have put in place a number of initiatives to improve operating performance across the business. The challenging competitive environment we faced in FY17 H1 has improved with Isentia winning back 50 clients net from our competitors in Australia in FY17 H2”.

### Revisions to earnings guidance

Isentia’s businesses for FY17 are expected to report as follows:

- The Media Intelligence (SaaS/VAS) business is expected to report revenue of \$141 million, an increase of 4% YoY. ANZ is expected to report a revenue increase of 1% and in Asia, a revenue increase of 16%. Media Intelligence (SaaS/VAS) EBITDA (including corporate overhead) is expected to be \$46 million, a 3% decline YoY.
- Content Marketing is expected to report revenue of \$14.2 million (down 30% YoY) and an EBITDA loss of \$4.4 million compared with an EBITDA profit of \$3.6m in FY16.

Isentia’s previous guidance was provided to the market on 3 May 2017. The revised expectations are the result of the following factors:

- \$0.5 million impact from bad debt clean-up in Asia
- \$0.3 million currency translation impact on Asia earnings
- \$1.4 million increase in expected operating losses from Content Marketing
- Delays in the deployment of Mediaportal in Korea and price increases in ANZ, impacting Q4 revenue
- Isentia launched a VAS sales campaign which drove strong billing momentum but did not benefit Q4 revenue as expected

- Cost management initiatives partially offset the EBITDA impact of the Q4 revenue shortfall.

### **King Content Impairment and Rebranding**

As a result of the financial performance of King Content during FY17, the Board has decided to fully write down the value of the business. This is expected to result in an impairment charge of \$37.8m in FY17. The impairment is non-cash and does not impact on banking covenants.

The King Content brand is being discontinued and its operations fully integrated into Isentia under the Isentia brand. We have closed the King Content New York and Hong Kong offices and will continue to service our US clients out of the UK and our Hong Kong clients out of Singapore. We have further cut the ongoing headcount in the content marketing business.

### **Strong balance sheet**

Isentia's balance sheet remains strong. Net debt has declined to \$51.7 million as at 30 June 2017 from \$56.4 million at 31 December 2016 and reflects a leverage ratio of 1.2x. Isentia's Board intends to maintain the dividend policy of 50% payout of underlying NPATA.

### **FY18 initiatives and outlook**

Mr Croll said: "While we are clearly disappointed with the performance of the business during FY17, particularly the King Content operations, the Board and Management remain confident in the market positioning and growth potential for Isentia.

Our focus now is on leveraging our core business where we have a significant market share, and enhancing and broadening our products as we deliver the most comprehensive media intelligence and insights to our customers in FY18."

Key initiatives underway to improve FY18 performance include:

- Focus on churn reduction through continued client wins and aggressively protecting copyright in ANZ and any misuse of Isentia content by competitors
- Plan to leverage recent product enhancements including driving new revenues from the rollout of Stories and Mediaportal upgrades
- Sales reorganisation and focus on growth to increase current low penetration of Insights products in ANZ
- Further implementation of operating efficiencies through the increased use of automation. In addition, the full integration of the King Content brand will deliver cost efficiencies.

"The performance issues experienced during FY17 are being addressed and shareholders can expect to see positive changes through FY18," Mr Croll said.

### **Investor Conference Call**

Isentia CEO John Croll and CFO James Orlando will host a conference call with the investment community including a Q&A session at 9.00am AEST today (1 August 2017). Dial-in details for the teleconference are as follows:

**Conference ID: 625076**

**Audio Access Dial in numbers:**

**Australia Toll Free 1 800 558 698**  
**Alternate Australia Toll Free 1 800 809 971**

Australia Local No.	+612 9007 3187	New Zealand	0800 453 055
China Wide	4001 200 659	Norway	800 69 950
Belgium	0800 72 111	Philippines	1800 1110 1462
Canada	1855 8811 339	Singapore	800 101 2785
France	0800 913 848	South Korea	00 798 142 063 275
Germany	0800 182 7617	Sweden	020 791 959
Hong Kong	800 966 806	South Africa	800999976
India	0008 0010 08443	Switzerland	800820030
Indonesia	001 803 019 3275	Taiwan	008 0112 7397
Ireland	1800 948 625	Thailand	001800 156 206 3275
Italy	800 793 500	UAE	8000 3570 2705
Japan	0053 116 1281	United Kingdom	0800 051 8245
Malaysia	1800 816 294	United States	1855 8811 339
Netherlands	0800 020 0715		

#### **FY17 Results Announcement**

Isentia will release FY17 results on 23<sup>rd</sup> August 2017 at approximately 8.30am. A conference call with management is scheduled the same day at 9.30am. The webcast can be accessed at [www.isentia.com/investor-centre](http://www.isentia.com/investor-centre).

For more information:

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#### **About Isentia**

*Isentia (ASX:ISD) is APAC's leading integrated Media Intelligence, Insights and Content Marketing business. Through both innovative, market leading SaaS as well as strategic advice and direction, Isentia works with over 5,000 clients across 15 countries providing data, analysis, content and consulting services around the clock. To find out more about how we inform better decisions, please visit [www.isentia.com](http://www.isentia.com)*