

ebiquity

Media and Marketing Analytics

Company Presentation

Year ended 30 April 2010

23rd July 2010

Another year of strong growth

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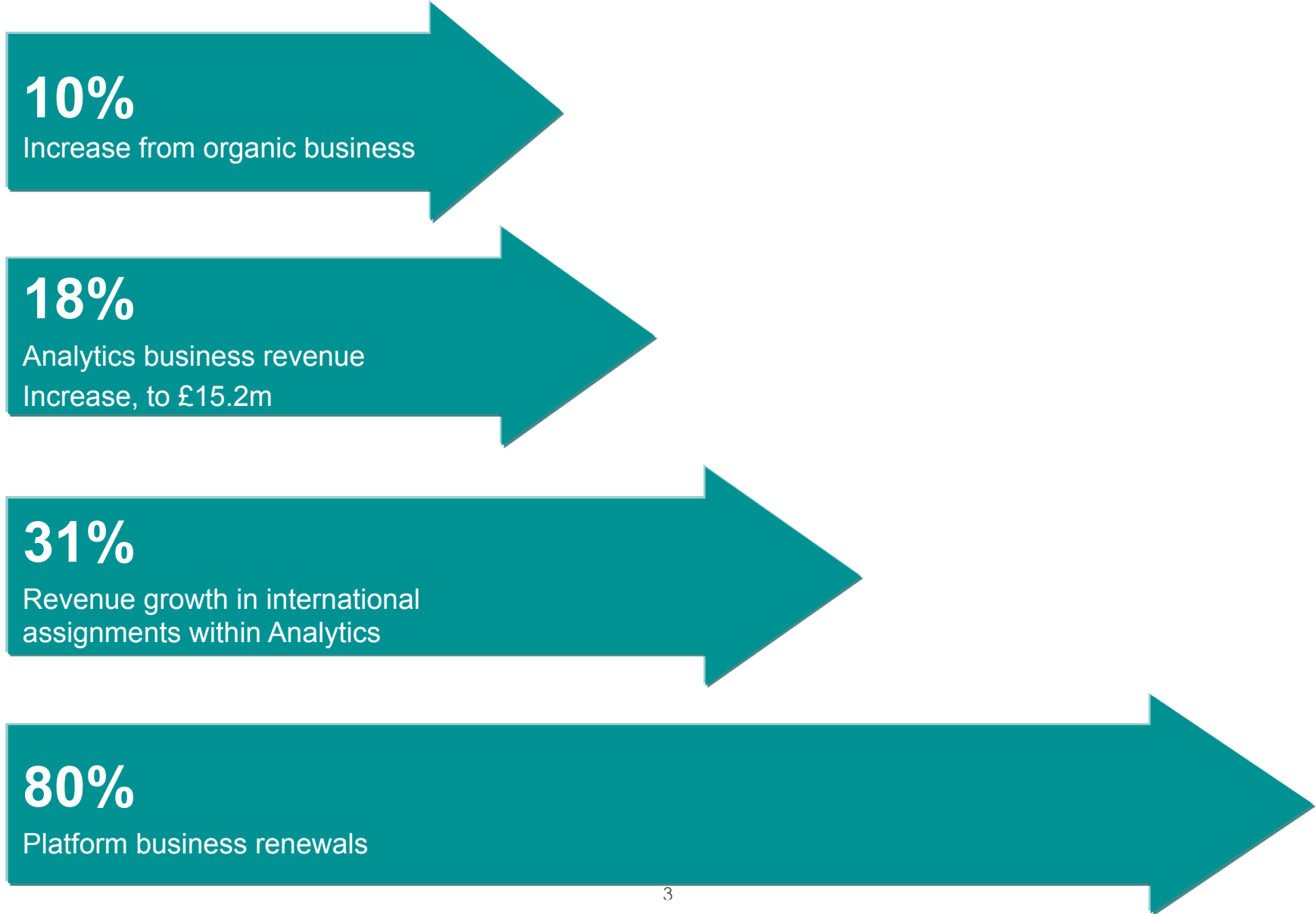
Media and Marketing Analytics

- Completed a number of acquisitions including that of Xtreme Information
- Continued International growth
- Strong recurring revenue
- Demand for transparency, benchmarking and measurement continue to drive growth



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Total group revenues increased by 15% to £21.2m



Underlying* operating profit up 12%



- 7% increase from organic business to £2.5m (2009: £2.4m)
- Excluding impact of non trading FX, organic business up 30% to £2.7m (2009: £2.1m)
- Organic margin excluding non trading FX up to 13.3% (2009: 11.2%)
- Underlying diluted EPS up 5% to 5.55p (2009: 5.28p)

**before Highlighted Items*

**The new economic reality
has reset the
marketing and media agenda -
permanently**

The new marketing and media reality



- Media and marketing spend under pressure like never before
- Refocus on value, effectiveness and financial return
- Every pound now needs to be justified
- Corporate procurement leading to greater financial rigour
- Growing demand for transparency, benchmarking and measurement

Repositioned to exploit a growing market



“Marketing leaderswant to see improved operational visibility, better controls and more accountability of spend.”

31% of marketers expect to initiate or undertake marketing performance measurement programs in 2010.

‘Improving efficiency and campaign effectiveness’ is the most sought-after result of these programs.

CMO Council's State of Marketing 2010

“Building predictive models that optimise all marketing activity to drive customer profitability is now essential.”

“Continued pressure to achieve a better return on investment will drive a focus on targetable, measurable and accountable channels”

“Insight and analytics have to be at the heart of how marketing addresses a transformed marketplace in 2010...marketing has no choice.”

“Proving the return on investment achieved by marketing is the single most important thing the marketing department can do.”

“Accountability and strong ROI thinking are at the forefront at the moment – the times when we just spent the money are over. We want to know exactly where to spend the money and where to get the best return...”

Bernard Glock, former President, Global Media & Communication, P&G

**The story of a company
repositioned to exploit
this opportunity**

Already a leading independent provider of analytics and insight services to the global marketing and media community.

**Our ambition
is to become the clear leader
within five years in a market
we estimate to be worth
over £300 million and growing**

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A low-angle photograph showing the silhouettes of approximately ten people standing on the curved surface of a globe. The globe is dark, and the background is a bright blue sky with scattered white clouds. The people are positioned along the curve of the globe, creating a sense of global reach and collaboration.

**Providing global solutions
and
creating new markets**

Investing in future International growth



- Acquisition of **Xtreme Information Services Limited**, an international media intelligence group with annual revenues of £18m
- Acquisition of outstanding equity in **TMC** advertising monitoring business in Germany
- Continual investment strengthening global presence, with further acquisition in analytics business in France - **Excellence Media**
- Since the year end we have increased our stake in **Billets Germany** to 51%, and acquired a 51% stake in an analytics business in Milan – **Media Advisor**



Adding a unique international capability

Xtreme Information

Global Advertising Intelligence and Insight

70 countries

A uniquely global business

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- Market leader in international advertising intelligence
- Largest advertising capture footprint covering 70 countries
- 65 of Top 100 brands (AdAge 2008) currently subscribe to Xtreme services
- Competitive analysis and insight products aimed at global advertisers
- 89% subscription revenues, mostly annual contracts
- Established US, Australian and German operations

Subscription based revenue model

The screenshot shows the Xtremeads website homepage. At the top, there is a green header with the text 'XTREMEADS About Us | Contact' and 'ORDER BY PHONE: +44 (0)20 7575 1880'. Below the header is a navigation bar with 'Log In', 'Password Reminder', and 'Register' links. The main content area is divided into several sections:

- QUICK SEARCH:** A search box with filters for BRAND, COUNTRY (Select All), MEDIA (Select), and DATE (Select). A green 'Search' button is next to the date filter.
- WELCOME TO OUR SITE:** A section titled 'What do you need?' and 'How can we help?' with a green 'Register Now' button.
- BE INSPIRED:** A section featuring a blue and white striped graphic and the text 'CONTAGIOUS'. It includes a paragraph about creative inspiration and a link to 'The Shop'.
- THE SHOP:** A section with the text 'The Shop contains over 400 compilation reels and reports featuring the very best in advertising from around the world. Contents include: AM&O, X-tremes, creative compilations... [MORE](#)'.
- MONITORING:** A section titled 'Xtreme Portfolio collates all new competitive advertising campaigns across all media and displays them instantly on your customized website. [MORE](#)'.
- EXPENDITURE:** A section titled 'Xtreme ADX tracks European media expenditure from a single source and links it to individual appearances of advertising creative. [MORE](#)'.
- ANALYSIS:** A section titled 'Xtreme Insight provides customised analysis and consultancy projects, to help you meet your most demanding challenges. [MORE](#)'.

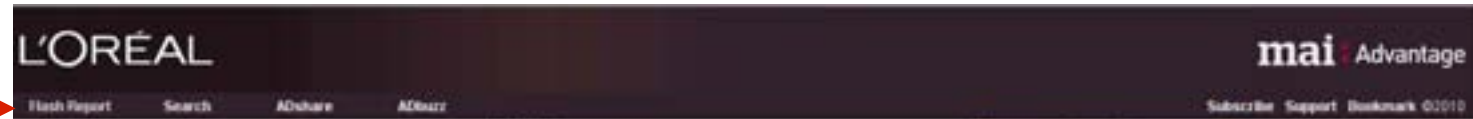
At the bottom of the page, there is a footer with the text: '** Our client services team want to hear from you. Please phone us anytime between 9am and 5pm (GMT) on +44 (0)20 7575 1880 or [email](#) **'

Flash Report Intelligence Email

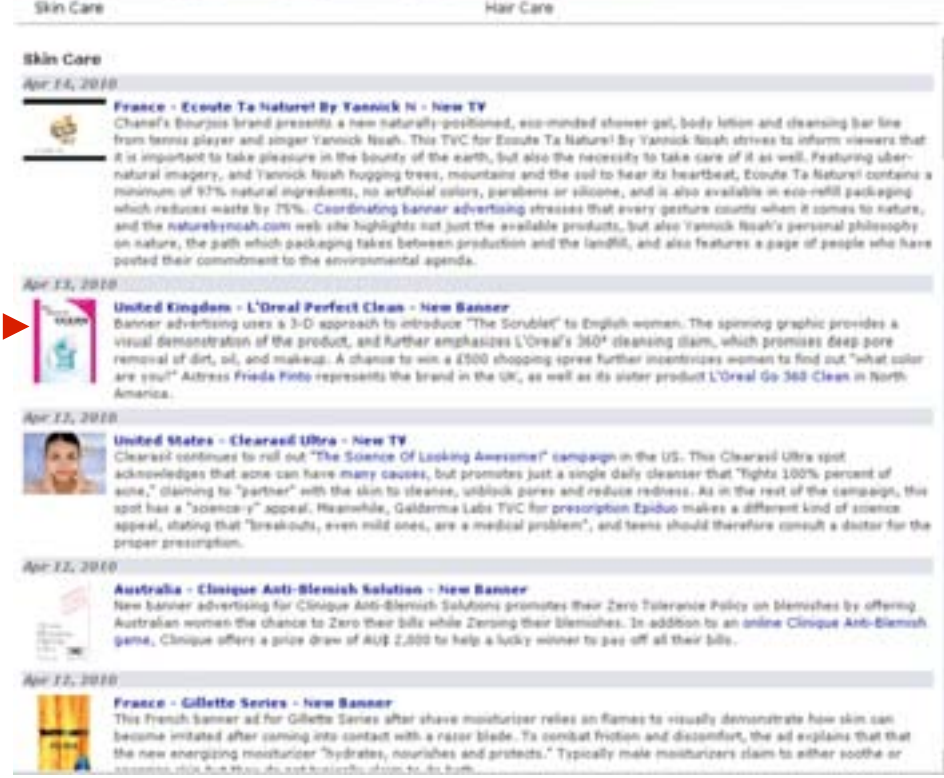
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Navigation Bar



Flash Reports



Record Detail



- ▶ What is new and why is it important to L'Oréal?
- ▶ View ads in 2 clicks

Strategic highlights

- Begun to develop significant cross sales opportunities
- Strengthened international product offering
- Created leading UK and German competitive intelligence businesses
- Builds deeper and stronger client relationships
- Enhanced our research and strategic capabilities
- Moves client perception up the value chain
- Further strengthened our management team
- Generated significant cost synergies

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Financial Summary

Year ended 30 April 2010

Acquisitions: summary of acquired companies



All numbers in £'000s	Xtreme Information	TMC	Excellence Media
Acquisition date	13 April 2010	13 April 2010	1 March 2010
Reporting division	Platform	Platform	Analytics
Annual revenue*	18,475	2,377	358
Operating profit (pre highlighted)*	1,486	16	18

* Latest available information extrapolated for the year to 30 April 2010

These acquisitions have a minimal impact on the underlying 2009/10 results due to their timing late in the financial year. The impact is:

Revenue £1,041k, Operating profit (pre highlighted) £119k

Revenue



All numbers in £'000s

	Year ended 30 April 2010			Year ended 30 April 2009	Organic YOY
	Organic	Acq'ns	Total	Total	%
Analytics	15,176	21	15,197	12,842	18.2%
Platform	5,001	1,020	6,021	5,633	(11.2%)
Intersegment elimination	-	-	-	(56)	-
Total	20,177	1,041	21,218	18,419	9.5%

Organic revenue: Analytics division

International revenue up 31% to £8m (an increase of £1.9m)

- Representing a greater proportion of Analytics revenue:



- Representing a greater proportion of total Group revenue:



International revenue: non UK sourced revenue, or UK sourced revenue where marketing activity is analysed in more than one country

Organic revenue: Platform division

Advertising monitoring

- Softer renewal rates (by value) but improved from half year (Oct 09: 74%):



Editorial monitoring

- Newslive showing good sales traction, and now represents larger share of Platform:

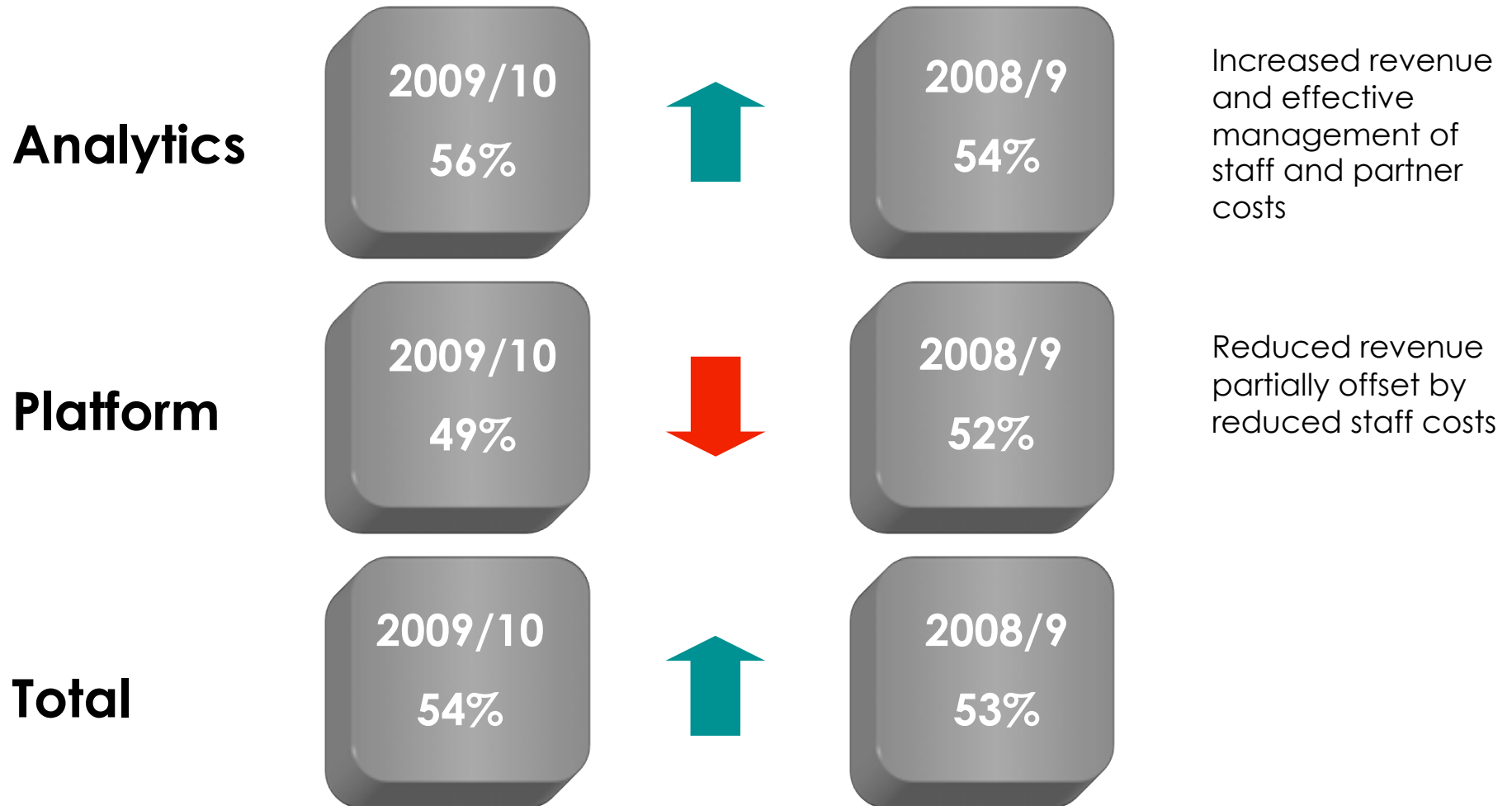


Gross profit

All numbers in £'000s

	Year ended 30 April 2010			Year ended 30 April 2009	Organic YOY
	Organic	Acq'ns	Total	Total	%
Analytics	8,532	(5)	8,527	6,907	23.5%
Platform	2,432	639	3,072	2,938	(17.2%)
Total	10,984	634	11,598	9,845	11.6%

Organic gross margin analysis



Including acquisitions: 2009/10 gross margin is 55%

Underlying operating profit (pre highlighted items)

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All numbers in £'000s

	Year ended 30 April 2010			Year ended 30 April 2009	Organic YOY
	Organic	Acq'ns	Total	Total	%
Analytics	7,623	(20)	7,603	6,017	26.7%
Platform	942	342	1,284	1,296	(27.3%)
Unallocated expenses	(5,874)	(203)	(6,077)	(5,242)	(12.0%)
Underlying operating profit <u>excl</u> non trading FX impact	2,691	119	2,810	2,071	30.0%
Non trading FX impact	(167)	-	(167)	292	(157.2%)
Underlying operating profit <u>incl</u> non trading FX impact	2,524	119	2,643	2,363	6.8%

Organic underlying profit margin incl non trading forex

EBITDA margin



Operating Profit (EBIT) margin



Including acquisitions: 2009/10 EBITDA mgn is 15.0% and EBIT mgn is 12.5%

Organic underlying profit margin excl non trading forex

EBITDA margin



Operating Profit (EBIT) margin



Including acquisitions: 2009/10 EBITDA mgn is 15.8% and EBIT mgn is 13.2%

Highlighted items: pre operating profit

All numbers in £'000s

	Year ended 30 April 2010		Year ended 30 April 2009	
	Organic	Acq'n related	Total	Total
Recurring:				
Share based expenses	308	-	308	313
Amortisation of purchased intangibles	362	50	412	362
	670	50	720	675
Non recurring:				
Acquisition integration costs*	-	212	212	-
Severance costs*	159	973	1,132	258
Property costs	-	122	122	-
	159	1,307	1,466	258
Total	829	1,357	2,186	933

* Of the £1,344k cash cost, £687k remains outstanding at the year end

Profit before tax

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All numbers in £'000s

	Year ended 30 April 2010			Year ended 30 April 2009	Organic YOY
	Organic	Acq'n related	Total	Total	%
Underlying operating profit	2,524	119	2,643	2,363	6.8%
Highlighted items - recurring	(670)	(50)	(720)	(675)	1.0%
- non recurring	(159)	(1,307)	(1,466)	(258)	38.4%
Reported operating profit	1,695	(1,238)	457	1,430	18.5%
Net finance costs	(138)	(214)	(352)	(243)	43.2%
Share of associates	(5)	-	(5)	(14)	64.3%
Reported profit before tax	1,552	(1,452)	100	1,173	32.3%
Underlying profit before tax	2,381	119	2,500	2,106	13.1%

Diluted EPS

	2009/10		2008/9
	Excluding acq'ns	Including acq'ns	
Reported	2009/10 4.24p	2009/10 0.46p	2008/9 0.26p
Underlying	2009/10 5.11p	2009/10 5.55p	2008/9 5.28p

The decrease in the organic underlying (from 5.28p to 5.11p) is mainly due to: a) an increase in the number of potentially dilutive shares due to the increasing share price over the period, and b) a higher effective tax rate

Financing: summary

All existing loan facilities were cancelled and replaced with a new facility with Bank of Ireland

All numbers in £'000s

	Total facility	Drawn at 30 April 2010	Held as guarantee	Available facility
Term loan	8,000	8,000*	-	-
Revolving Credit Facility (RCF)	2,500	-	500	2,000
Acquisition fund	1,500	-	-	1,500
Total	12,000	8,000	500	3,500

* £5.5m of the term loan has been used to repay existing Ebiquity (£3.3m) and Xtreme (£2.2m) debt, the remainder being used for deal and integration costs

Key terms:

- Repayable in equal quarterly instalments until April 2014
- Initial interest rate at LIBOR + 3.25% margin (floating to fixed hedging in place post year end)
- Undrawn facility liable to fee of 46.15% of the margin (currently 1.5%)

Operating cashflow and net debt



All numbers in £'000s	30 April 2010	30 April 2009
Net cash from operating activities	2,421	827
Cash	5,243	1,246
Loans to associates	285	362
Debt	(7,569)	(3,800)
Total	(2,041)	(2,192)

Of the £1,502k of acquisition costs, £609k remains unpaid at the year end

Of the £1,446k restructuring costs recognised in 2009/10, £687k remains unpaid at the year end

Outlook



1. The process of integration has started well.
2. We are confident that we will deliver the growth and cost synergies that will drive earnings.
3. Cross selling across international clients - already proving very promising.
4. Strong indications that our unique set of services will enable us to grow revenues and profits.

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Financial Appendices

Year ended 30 April 2010

Statement of financial position

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		Apr 10	Apr 09
Non current assets	Goodwill	30,235	8,754
	Purchased intangibles	9,291	2,019
	Other	3,418	2,098
		42,944	12,871
Current assets	Trade debtors	8,300	3,118
	Accrued income	2,081	1,836
	Cash	5,243	1,246
	Loans to associates	285	362
	Bank security deposits	300	-
	Prepayments	1,566	616
	Other	585	362
		18,360	7,540
Current liabilities	Trade creditors	2,993	1,075
	Loans	2,077	2,513
	Deferred income	7,958	2,605
	Accruals	3,248	1,661
	Other	3,004	1,314
		19,280	8,988
Non current liabilities	Loans	5,575	1,332
	Deferred tax	2,608	565
	Other	907	99
		9,090	1,996
Net assets		32,934	9,427

Cashflow statement



	Apr 10	Apr 09
Cash generated from operations	3,243	1,364
Finance expense	(271)	(268)
Income taxes paid	(551)	(269)
Net cash from operating activities	2,421	827
Investing activities		
Acq'n of subsidiaries, net of cash acquired	(326)	-
Purchase of PPE	(164)	(454)
Capitalised development costs	(135)	(511)
Purchase of investment	-	(26)
Repayment from/(loans to) associates	66	(379)
Finance income	14	25
	(545)	(1,345)
Financing activities		
Issue of new shares	750	-
New borrowings	8,000	500
Loan repayments	(5,884)	(451)
Bank loan fee/securities	(506)	-
Loan note issue costs	(217)	-
	2,143	49
Net increase/(decrease) in cash	4,019	(469)

Acquisitions: fair value of consideration

All numbers in £'000s

	Xtreme Information	TMC	Excellence Media	Total
Cash	770	25	134	929
Shares	11,695	1,106	-	12,711
Convertible loan notes	9,662	-	-	9,662
Acquisition costs	1,398	25	79	1,502
Less assumed debt	(8,274)	-	-	(8,274)
Deferred consideration	-	-	87	87
Investment already held	-	115	-	115
Fair value of consideration	15,251	1,181	300	16,732

Acquisitions: fair value of assets acquired



All numbers in £'000s	Xtreme Information	TMC	Excellence Media	Total
Net book value of assets	(8,402)	90	-	(8,312)
Accounting convention adjustments	(1,676)	(61)	-	(1,737)
Carrying value of net assets	(10,078)	29	-	(10,049)
<i>Fair value adjustments:</i>				
Identifiable intangible assets	6,447*	1,130**	130***	7,707
Other	(251)	-	-	(251)
Deferred tax	(1,805)	(316)	(36)	(2,157)
Fair value of assets acquired	(5,687)	843	94	(4,750)

* £5,814k in relation to customer relationships, amortised over 10 years, and £633k in relation to database content, amortised over 3 years

** All in relation to customer relationships, amortised over 8 years

*** All in relation to customer relationships, amortised over 3 years

Acquisitions: goodwill summary



All numbers in £'000s

	Xtreme Information	TMC	Excellence Media	Total
Fair value of consideration	15,251	1,181	300	16,732
Fair value of assets acquired	(5,687)	843	94	(4,750)
Goodwill	20,938	338	206	21,481

Goodwill is not amortised, but is reviewed for impairment on an annual basis