

Ebiquity

FY21 results, acquisitions and placing

Ebiquity's FY21 results showed good growth in revenue, up 13%, and a strong recovery in operating margin to 7.5% (operating loss in FY20). The figures were accompanied by two acquisitions, Media Management (MMi) in the US and MediaPath, a Sweden-based global media consultancy. Ebiquity is paying initial consideration of £6.1m for MMi and £15.5m for MediaPath, funded from cash and proceeds of an intended £15.0m placing at 53p. Management anticipates the acquisitions will be earnings enhancing in FY22, with group prospects boosted by the scaling up in the US and the wider use across the group of MediaPath's proprietary technology platform. Our forecasts are under review.

Year end	Revenue (£m)	PBT* (£m)	EPS* (p)	DPS (p)	P/E (x)	Yield (%)
12/19	68.1	4.7	2.9	0.0	22.8	0.0
12/20	55.9	(1.3)	(1.9)	0.0	N/A	0.0
12/21	63.1	4.1	2.7	0.0	24.4	0.0

Note: *PBT and EPS are normalised, excluding amortisation of acquired intangibles, exceptional items and share-based payments.

The recovery was across all geographies, with particularly strong progress in Asia Pacific (+23%) and an acceleration in the US. The group had a notably strong new business performance, both from clients new to the group and additional business won with existing clients. The Media practice grew revenues by 15% and increased operating margins from 15% to 19%, while the (smaller) Analytics & Tech practice moved revenues ahead by 4% and moved firmly back into profit, delivering an operating margin of 14%. The group's Digital Solutions segment is delivering ahead of plan and had 28 clients at the year-end, up from 10 at the end of FY20.

The two acquisitions should accelerate the delivery of two of management's key objectives: growing the US revenue base and increasing automation, thereby improving scalability. MMi is being bought at 1.1x FY21 revenue and 8.7x operating profit, while MediaPath's purchase price is equivalent to 2.5x FY21 revenue and 8.6x operating profit. The total cost is £23.6m, including £2.0m of deal costs and vendor management are staying with the enlarged group and taking part of their consideration in shares (subject to lock-in arrangements). In total, £5.0m of synergy benefits by end FY25 have been identified, and management expects the deals to be earnings enhancing this year.

The associated placing is of 28.3m shares, which is 34% of the existing share capital, at a price of 53p, subject to a general meeting on 19 April.

Results, acquisitions and placing

Media

1 April 2022

Price 66p
Market cap £55m

Net debt (£m) at end December 2021	4.8
Shares in issue	82.7m
Free float	78.6%
Code	EBQ
Primary exchange	AIM
Secondary exchange	N/A

Share price performance



Business description

Ebiquity is a leading, independent global media consultancy, working for over 70 of the world's 100 leading brands to optimise their media investments.

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