

YouGov

Data Services takes up the H121 running

YouGov's pre-close update indicates trading in line to meet the full-year target of its growth plan, with a heavier weighting towards H2. This reflects several larger, more strategic projects won by Data Products and Custom Research over autumn and winter to date, which will start to contribute in H221 and provide good momentum into FY22. H121 results will show a pick-up in Data Services as clients looked to tactical projects to inform their marketing strategies. Our full-year forecasts are unchanged except for a minor adjustment to the share count. YouGov is valued towards the top of its peer set, reflecting its strong market positioning, attractive cash generation and cash-positive balance sheet.

Year end	Revenue (£m)	PBT* (£m)	EPS* (p)	DPS (p)	EV/EBITDA (x)	P/E (x)	Yield (%)
07/19	136.5	20.4	13.8	4.0	33.6	78.8	0.4
07/20	152.4	24.7	15.7	5.0	28.4	69.4	0.5
07/21e	163.0	28.5	17.2	5.5	27.6	63.2	0.5
07/22e	175.0	34.2	20.8	6.5	23.7	52.3	0.6

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

H2 to see greater impact from new, large projects

The implied shift in mix for H121 towards Data Services will affect the reported margin, as both gross and operating margin are lower than those achieved for Data Products (FY20: 83% vs 91% at the gross level and 35% to 19% at the operating line). By the full year, we would expect that this margin impact would be reversed by the new, larger projects coming through. These are likely to be along the lines of the previously announced contract with a major German financial services company, so a combination of custom research and connected data product subscription, playing to YouGov's strengths in permissioned data. Good progress is also being made with the initiatives described in [our note on the capital markets day](#) in November, notably the YouGov Safe aggregated data proposition.

Forecasts unchanged

FY21 results will be affected by a technical change to the accounting treatment of the share-based payments (non-cash). Under the previous scheme, charges were weighted to the end of the five-year period, whereas for this scheme the accounting will be smoothed. This is built into our modelling, but the level may be higher due to the increase in the share price. We will revisit this with the interims in March. Our forecasts are unchanged at this point.

Valuation: Towards the top end of the global peer set

YouGov's valuation multiples remain towards the top end of the global peer set, where the more data and analytics-weighted groups trade at a clear differential. YouGov's rating also reflects the group's strong market positioning, attractive cash generation (104% conversion of adjusted EBITDA in FY20) and cash-positive balance sheet.

Half-year trading update

Media

29 January 2021

Price **1,087.5p**

Market cap **£1,203m**

\$1.37/£

Net cash (£m) at end July 2020 35.3

Shares in issue 110.6m

Free float 91.3%

Code YOU

Primary exchange AIM

Secondary exchange N/A

Share price performance



% 1m 3m 12m

Abs 10.6 15.5 70.0

Rel (local) 10.4 (1.5) 90.9

52-week high/low 1,100p 400p

Business description

YouGov is an international research data and analytics group. Its data-led offering supports and improves a wide spectrum of marketing activities of a customer base including media owners, brands and media agencies. It works with some of the world's most recognised brands.

Next events

Interim results 23 March 2021

Analyst

Fiona Orford-Williams +44 (0)20 3077 5739

media@edisongroup.com

[Edison profile page](#)

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Exhibit 1: Financial summary

	£'000s	2018	2019	2020	2021e	2022e
Year end 31 July		IFRS	IFRS	IFRS	IFRS	IFRS
PROFIT & LOSS						
Revenue		116,559	136,487	152,441	163,000	175,000
Cost of Sales		(21,495)	(24,206)	(23,375)	(24,604)	(26,103)
Gross Profit		95,064	112,281	129,067	138,396	148,897
EBITDA		20,907	31,698	39,215	41,322	47,697
Operating Profit (before amort. and except.)		12,650	18,492	21,830	25,740	31,415
Intangible Amortisation		(7,026)	(8,809)	(12,885)	(10,782)	(10,782)
Share based payments		(3,571)	(2,401)	(2,900)	(2,900)	(2,900)
Exceptionals		(892)	1,529	(6,630)	0	0
Other		66	200	0	0	0
Operating Profit		11,824	20,221	15,200	25,740	31,415
Net Interest		(51)	(665)	7	(175)	(150)
Profit Before Tax (norm)		16,302	20,428	24,737	28,465	34,165
Profit Before Tax (IFRS16)		11,773	19,356	15,207	25,565	31,265
Tax		(3,615)	(5,086)	(5,812)	(9,771)	(11,949)
Profit After Tax (norm)		12,687	15,342	18,925	18,694	22,216
Profit After Tax (IFRS16)		8,158	14,270	9,395	15,794	19,316
Average Number of Shares Outstanding (m)		105.4	105.4	106.7	109.5	110.6
EPS - normalised (p)		10.8	13.8	15.7	17.2	20.8
EPS - IFRS 16 (p)		7.7	14.1	9.0	14.4	17.5
Dividend per share (p)		3.0	4.0	5.0	5.5	6.5
Gross Margin (%)		81.6	82.3	84.7	84.9	85.1
EBITDA Margin (%)		17.9	23.2	25.7	25.4	27.3
Operating Margin (before GW and except) (%)		10.9	13.5	14.3	15.8	18.0
BALANCE SHEET						
Fixed Assets		78,019	108,534	108,122	106,068	105,286
Intangible Assets		65,357	82,374	84,611	83,829	83,047
Tangible Assets		12,471	26,160	23,511	22,239	22,239
Investments		191	0	0	0	0
Current Assets		66,735	72,581	70,255	77,891	89,417
Stocks		0	0	0	0	0
Debtors		34,672	33,726	34,239	36,611	39,306
Cash		30,621	37,925	35,309	40,574	49,405
Current Liabilities		(41,445)	(51,395)	(52,813)	(55,070)	(55,080)
Creditors		(41,445)	(51,395)	(52,813)	(55,070)	(55,080)
Short term borrowings		0	0	0	0	0
Long Term Liabilities		(11,238)	(22,277)	(16,226)	(13,206)	(13,206)
Long term borrowings		0	0	0	0	0
Other long term liabilities		(11,238)	(22,277)	(16,226)	(13,206)	(13,206)
Net Assets		92,071	107,443	109,338	115,683	126,418
CASH FLOW						
Operating Cash Flow		23,617	38,115	38,411	41,615	48,031
Net Interest		22	183	(7)	175	150
Tax		(5,501)	(4,520)	(3,184)	(7,328)	(11,949)
Capex		(8,181)	(12,166)	(18,559)	(18,000)	(16,000)
Acquisitions/disposals		(885)	(6,583)	(7,451)	(3,428)	(3,020)
Financing		259	(3,652)	(4,739)	(2,000)	(2,000)
Dividends		(2,106)	(3,327)	(4,298)	(5,420)	(6,081)
Net Cash Flow		7,225	8,050	173	5,615	9,131
Opening net debt/(cash)		(23,219)	(30,621)	(37,925)	(35,309)	(40,574)
HP finance leases initiated		0	0	0	0	0
Other		177	(747)	(2,789)	(350)	(300)
Closing net debt/(cash)		(30,621)	(37,925)	(35,309)	(40,574)	(49,405)

Source: Company accounts, Edison Investment Research

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Frankfurt +49 (0)69 78 8076 960
Schumannstrasse 34b
60325 Frankfurt
Germany

London +44 (0)20 3077 5700
280 High Holborn
London, WC1V 7EE
United Kingdom

New York +1 646 653 7026
1185 Avenue of the Americas
3rd Floor, New York, NY 10036
United States of America

Sydney +61 (0)2 8249 8342
Level 4, Office 1205
95 Pitt Street, Sydney
NSW 2000, Australia