

# YouGov

Trading update

## Resilience in a more difficult macro environment

YouGov's trading update covering the six months to end January confirms that the group is on track to meet the full year market revenue consensus of £264m, 19% ahead of the prior year. This is a little ahead of our modelling (£255m), so we have adjusted accordingly. Our operating profit forecast is unchanged, reflecting a slight shift in mix towards Custom Research, which runs with structurally lower operating margins than Data Products. The search for a new CEO is ongoing, with current CEO Stephan Shakespeare set to step across to be non-executive chair in August. YouGov's strategic plan for FY24–26 remains in the preparation phase.

Year end	Revenue (£m)	PBT* (£m)	EPS* (p)	DPS (p)	EV/EBITDA (x)	P/E (x)
07/21	169.0	31.1	21.1	6.0	22.1	47.4
07/22	221.1	34.6	23.2	7.0	16.5	43.2
07/23e	264.0	51.4	33.0	10.0	13.8	30.3
07/24e	300.0	60.0	38.9	11.0	12.3	25.7

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

## Expansion at the operating margin level

The increasing level of productisation, the growing use of YouGov's various Centres of Excellence globally to support regional operations and the greater use of internal panel for custom work are all helping to lift the operating margin. Despite the shift in mix, our modelling anticipates a FY23 operating margin of 18.4%, up from 16.5% in FY22, moving to 19.0% in FY24e (previously 19.0% followed by 19.7%). This is a little short of the target built into the expiring strategic plan to double operating margin across FY19–23. The potential for future margin expansion remains good as the group moves more of its work onto a self-serve platform basis, alongside the custom research offering.

## The United States remains major driver

The new strategic plan is likely to be presented in the spring and will cover a shorter period, from FY24–26, and will also likely have an associated long-term incentive plan for senior management. However, this is structured, it is likely to require the group to continue to grow its US presence and client reach. Short-term, the United States is presenting some encouraging opportunities (of scale) and there are some signs of recovery in the UK, but it is not yet clear if this is sustainable. The mood music should be clearer by the time of the results in March.

## Valuation: Off lows, but still well off the peak

YouGov's share price is now around 30% above the low it hit around the time of the publication of the full year results (October 2022) as the market has become more nuanced in its valuations of high growth and tech stocks. Over 12 months, however, it is down 19%, while global peers' share prices have declined 31%. Shakespeare has confirmed that he has no intention of selling his 7.9% shareholding, which should provide comfort that there is no associated overhang.

### Media

27 January 2023

**Price** 1,000p

**Market cap** £1,103m

Net cash (£m) at 31 July 2022 37.4

Shares in issue 110.0m

Free float 89.4%

Code YOU

Primary exchange AIM

Secondary exchange N/A

### Share price performance



% 1m 3m 12m

Abs 1.2 7.5 (23.1)

Rel (local) (2.8) (2.3) (24.2)

52-week high/low 1,400p 770p

### Business description

YouGov is an international online 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

Half year results 21 March 2023

### Analyst

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**Exhibit 1: Financial summary**

	£'000s	2020	2021	2022	2023e	2024e
Year end 31 July		IFRS	IFRS	IFRS	IFRS	IFRS
<b>PROFIT &amp; LOSS</b>						
Revenue		152,441	169,000	221,100	264,000	300,000
Cost of Sales		(23,375)	(26,200)	(33,700)	(41,520)	(47,114)
Gross Profit		129,067	142,800	187,400	222,480	252,887
EBITDA		39,215	45,900	61,600	73,200	82,400
Operating Profit (before amort. and excepts.)		21,830	26,100	36,400	48,500	57,100
Intangible Amortisation		(12,885)	(15,300)	(20,400)	(20,000)	(20,000)
Share based payments		(2,900)	(5,100)	(2,900)	(3,000)	(3,000)
Exceptionals		(6,630)	(6,500)	(6,300)	(2,500)	(2,500)
Other		0	0	0	0	0
Operating Profit		15,200	19,600	30,100	46,000	54,600
Net Interest		7	(100)	(4,700)	(125)	(125)
Profit Before Tax (norm)		24,737	31,100	34,600	51,375	59,975
Profit Before Tax (IFRS16)		15,207	19,500	25,400	45,875	54,475
Tax		(5,812)	(6,400)	(7,800)	(12,845)	(15,253)
Profit After Tax (norm)		18,925	24,700	26,800	38,530	44,722
Profit After Tax (IFRS16)		9,395	12,500	17,500	33,030	39,222
Average Number of Shares Outstanding (m)		106.7	109.7	109.9	111.5	111.5
EPS - normalised (p)		15.7	21.1	23.2	33.0	38.9
EPS - IFRS 16 (p)		9.0	11.5	15.7	29.6	35.2
Dividend per share (p)		5.0	6.0	7.0	10.0	11.0
Gross Margin (%)		84.7	84.5	84.8	84.3	84.3
EBITDA Margin (%)		25.7	27.2	27.9	27.7	27.5
Operating Margin (before GW and except) (%)		14.3	15.4	16.5	18.4	19.0
<b>BALANCE SHEET</b>						
Fixed Assets		108,122	116,091	145,200	152,900	155,167
Intangible Assets		84,611	89,611	118,355	125,755	127,755
Tangible Assets		23,511	26,413	26,791	27,091	27,358
Investments		0	67	54	54	54
Current Assets		70,255	82,409	95,200	128,975	170,147
Stocks		0	0	0	0	0
Debtors		34,239	40,700	53,700	61,974	71,247
Cash		35,309	35,509	37,400	62,900	94,800
Current Liabilities		(52,813)	(67,200)	(90,500)	(97,361)	(108,238)
Creditors		(52,813)	(67,200)	(90,500)	(97,361)	(108,238)
Short term borrowings		0	0	0	0	0
Long Term Liabilities		(16,226)	(19,300)	(24,900)	(24,900)	(24,900)
Long term borrowings		0	0	0	0	0
Other long term liabilities		(16,226)	(19,300)	(24,900)	(24,900)	(24,900)
Net Assets		109,338	112,000	125,000	159,613	192,176
<b>CASH FLOW</b>						
Operating Cash Flow		38,411	45,100	68,800	77,833	84,950
Net Interest		(7)	(500)	(900)	125	125
Tax		(3,184)	(7,100)	(6,900)	(12,845)	(15,253)
Capex		(18,559)	(21,100)	(17,500)	(23,300)	(24,500)
Acquisitions/disposals		(7,451)	(2,800)	(25,400)	(6,100)	0
Financing		(4,739)	(2,200)	(9,900)	(2,000)	(2,000)
Dividends		(4,298)	(5,500)	(6,679)	(7,802)	(11,172)
Net Cash Flow		173	5,900	1,521	25,911	32,149
Opening net debt/(cash)		(37,925)	(35,309)	(35,509)	(37,400)	(62,900)
HP finance leases initiated		0	0	0	0	0
Other		(2,789)	(5,900)	370	(411)	(250)
Closing net debt/(cash)		(35,309)	(35,309)	(37,400)	(62,900)	(94,800)

Source: Company reports, Edison Investment Research

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