

YouGov

Strong sales pipeline

YouGov's year-end trading update indicates that results will be in line with management expectations, with a strong sales pipeline giving confidence for further progress in FY22. Particularly encouraging is that the progress is described as across 'all divisions and geographies' (on an underlying basis). The group is broadening its sales resource to keep driving the strategic, longer-term deals that are building recurring revenues and it continues to build its presence in the important US market. Our modelling suggests year-end net cash of £40.5m, giving plenty of flex for further technology and panel investment, and geographic expansion.

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	40.3	93.8	0.3
07/20	152.4	24.7	15.7	5.0	34.0	82.6	0.4
07/21e	170.0	30.6	17.4	5.5	28.8	74.4	0.4
07/22e	185.0	37.0	21.3	6.5	25.5	60.7	0.5

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

Improving revenue momentum

The momentum has been good in Data Services, with clients keen to understand the short-term vacillations in their markets as economies rebuild. H121 revenue growth here was 19% and the full year outturn is described as 'strong'. The uncertain backdrop had been making sales conversion more difficult for the larger, multinational and longer-term contracts, but momentum has improved for both Data Products and Custom Research. We anticipate better performance in both these segments in H221 and through into FY22 (stripping out the impact of the ending of the Kurdistan Custom Research contract – see [March update note](#)).

Balance sheet supports expansion

YouGov made several small acquisitions during FY21 (all below the threshold for financial disclosure), including one just prior to the financial year-end. This was of Australian online-focused data insights consultancy Faster Horses, which speeds the scaling of operations in that geography. Other purchases included a Turkish research company, a Canadian sports research company, opening in Brazil and open banking start-up Lean App, all fitting the criteria of infill of geography or adding a key market specialism. The strong balance sheet should enable this type of expansion to continue alongside further investment in technology – pulling all of the suite onto one platform – and further expansion of the panel.

Valuation: Remains at top end of the global peer set

YouGov's share price is up 21% year-to-date as market prospects have clarified. Peer group share price performances have been even stronger, but YouGov's valuation multiples remain towards the top end of the global peer group, where the more data and analytics-weighted groups trade at a clear premium. YouGov's rating also reflects its strong market positioning, attractive cash generation (92% cash conversion of adjusted EBITDA in H121) and cash-positive balance sheet.

Year-end trading update

Media

30 July 2021

Price 1,295p

Market cap £1,441m

\$1.39/£

Net cash (£m) at end January 2021 27.5

Shares in issue 111.3m

Free float 89.4%

Code YOU

Primary exchange AIM

Secondary exchange N/A

Share price performance



% 1m 3m 12m

Abs 10.7 21.6 60.9

Rel (local) 10.4 19.3 34.8

52-week high/low 1,295p 800p

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

Full-year results 12 October 2021

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Exhibit 1: Financial summary

	£'000s	2019	2020	2021e	2022e
Year end 31 July		IFRS	IFRS	IFRS	IFRS
PROFIT & LOSS					
Revenue		136,487	152,441	170,000	185,000
Cost of Sales		(24,206)	(23,375)	(26,038)	(27,678)
Gross Profit		112,281	129,067	143,962	157,321
EBITDA		31,698	39,215	47,894	54,319
Operating Profit (before amort. and except.)		18,492	21,830	25,752	32,177
Intangible Amortisation		(8,809)	(12,885)	(14,300)	(14,300)
Share based payments		(2,401)	(2,900)	(5,000)	(5,000)
Exceptionals		1,529	(6,630)	(3,105)	0
Other		200	0	0	0
Operating Profit		20,221	15,200	22,647	32,177
Net Interest		(665)	7	(175)	(150)
Profit Before Tax (norm)		20,428	24,737	30,577	37,027
Profit Before Tax (IFRS16)		19,356	15,207	22,472	32,027
Tax		(5,086)	(5,812)	(8,588)	(12,240)
Profit After Tax (norm)		15,342	18,925	21,988	24,787
Profit After Tax (IFRS16)		14,270	9,395	13,883	19,787
Average Number of Shares Outstanding (m)		105.4	106.7	109.5	110.7
EPS - normalised (p)		13.8	15.7	17.4	21.3
EPS - IFRS 16 (p)		14.1	9.0	12.7	17.9
Dividend per share (p)		4.0	5.0	5.5	6.5
Gross Margin (%)		82.3	84.7	84.7	85.0
EBITDA Margin (%)		23.2	25.7	28.2	29.4
Operating Margin (before GW and except) (%)		13.5	14.3	15.1	17.4
BALANCE SHEET					
Fixed Assets		108,534	108,122	112,280	110,638
Intangible Assets		82,374	84,611	87,511	88,211
Tangible Assets		26,160	23,511	24,769	22,427
Investments		0	0	0	0
Current Assets		72,581	70,255	79,911	90,923
Stocks		0	0	0	0
Debtors		33,726	34,239	38,658	43,082
Cash		37,925	35,309	40,547	47,134
Current Liabilities		(51,395)	(52,813)	(62,452)	(57,116)
Creditors		(51,395)	(52,813)	(62,452)	(57,116)
Short term borrowings		0	0	0	0
Long Term Liabilities		(22,277)	(16,226)	(17,446)	(17,446)
Long term borrowings		0	0	0	0
Other long term liabilities		(22,277)	(16,226)	(17,446)	(17,446)
Net Assets		107,443	109,338	112,293	126,999
CASH FLOW					
Operating Cash Flow		38,115	38,411	46,445	54,059
Net Interest		183	(7)	175	150
Tax		(4,520)	(3,184)	(8,588)	(12,240)
Capex		(12,166)	(18,559)	(21,000)	(17,500)
Acquisitions/disposals		(6,583)	(7,451)	(3,824)	(9,500)
Financing		(3,652)	(4,739)	(2,200)	(2,000)
Dividends		(3,327)	(4,298)	(5,420)	(6,081)
Net Cash Flow		8,050	173	5,588	6,887
Opening net debt/(cash)		(30,621)	(37,925)	(35,309)	(40,547)
HP finance leases initiated		0	0	0	0
Other		(747)	(2,789)	(350)	(300)
Closing net debt/(cash)		(37,925)	(35,309)	(40,547)	(47,134)

Source: Company accounts, Edison Investment Research

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