ASCENTIAL

25 February 2019

Ascential plc

Audited results for the year ended 31 December 2018

Focus on digital economy driving strong growth

London: Ascential plc (LSE: ASCL.L), the global, specialist information company, today announces results for the year ended 31 December 2018 in line with expectations.

A year of significant strategic progress

- Business model now in place to enable customers to navigate the digital economy.
  - Clear strategic focus on the consumer value chain and high quality recurring revenue streams.
  - Operating model reflects customer needs: Product Design, Marketing and Sales.
  - Sale of Exhibitions and allocation of capital towards high-growth acquisitions.

- Segments performing in line with expectations.
  - Product Design: growth from recently launched products and segment expansion.
  - Marketing: a year of transition, with successful re-set of Cannes Lions and MediaLink realigned to long term brand relationships.
  - Sales: continued strong performances from Money20/20, Edge and Flywheel Digital.

- Investment in brands to support long-term sustainable growth.
  - Launches of Money20/20 Asia and China to establish leading global fintech platform.
  - Formation of Edge: specialist ecommerce analytics and advisory offering.

Financial highlights

- Strong revenue growth on continuing operations to £348.5m (2017: £292.9m).
  - Reported growth of 19.0%.
  - Growth of 6.3% on an Organic basis, 9.6% on a Proforma basis.
  - Key drivers of Proforma growth were the Sales segment (30%) and Product Design segment (7%).

- Solid Adjusted EBITDA growth to £101.8m (2017: £94.7m).
  - Reported growth of 7.5%.
  - Growth of 3.8% on an Organic basis, 12.5% on a Proforma basis.

   - Margin at 29.2% (2017: 32.3%) with impact of higher growth acquired businesses in investment phase, partly offset by a net positive impact from operational leverage.

- Reported operating profit from continuing operations of £40.2m (2017: £31.3m) up 28.4%.

- Further strong growth in earnings per share with Adjusted diluted EPS on continuing operations of 15.3p up 12.5% (2017: 13.6p) and Reported diluted EPS on total operations of 51.4p (2017: 4.4p).

- Continued focused capital allocation – disposal of Exhibitions and strong cash generation resulting in closing net debt leverage of 1.1x (2017: 2.3x) after continued investment in the business and M&A. Strong operating cash flow conversion on continuing operations of 105% (2017: 104%).

- Recommended final dividend of 3.9p, making a total dividend of 5.8p for the year (2017: 5.6p) up 3.6%.

Duncan Painter, Chief Executive Officer, commented:

"2018 was an important year for Ascential. We delivered another year of strong growth, reflecting the value that customers place on our critical information. We are now at an advanced stage of our multi-year strategy to support global brands as they navigate fast-paced change in the digital commerce economy. Our evolution in 2018 was supported by three high-growth acquisitions, partially reallocating the proceeds of the Exhibitions business.

Our focus has now shifted to integrating and investing in our unique information services to continue to give our global customer base access to the critical information they need. We have taken action to return our Marketing segment to growth in 2019, following the successful re-set of Cannes Lions in 2018, and the realignment of MediaLink to focus on large brand reviews and projects. We remain well placed to enhance our market leadership in 2019 and to pursue our medium-term target of double-digit growth."

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Ascential will host a presentation for analysts and investors at 9.00am on Monday 25 February 2019 at the offices of Numis Securities at The London Stock Exchange Building, 10 Paternoster Square, London EC4M 7LT. The presentation will also be webcast live at 9.00am from www.ascential.com, allowing the slides to be viewed. A recording of the webcast will also be available on-demand from our website in due course.

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Financial highlights – continuing operations

	31 December			Growth	
	2018 £m	2017 £m	Reported %	Organic[1] %	Proforma[2] %
Revenue					
Product Design	77.8	73.6	6%	7%	7%
Marketing	116.3	110.6	5%	(8%)	(6%)
Sales	120.9	78.0	55%	25%	30%
Built Environment & Policy	34.3	30.7	12%	12%	12%
Intercompany sales	(0.8)	-			
	348.5	**292.9**	**19.0%**	**6.3%**	**9.6%**
Adjusted EBITDA[3]					
Product Design	28.1	22.5	25%	27%	27%
Marketing	38.9	48.1	(19%)	(23%)	(22%)
Sales	36.9	29.3	26%	19%	49%
Built Environment & Policy	14.0	9.1	53%	53%	53%
Central costs	(16.1)	(14.3)	(12%)	(12%)	(12%)
	101.8	**94.7**	**7.5%**	**3.8%**	**12.5%**
Group Margin	*29.2%*	*32.3%*			
Adjusted operating profit[4]	**91.0**	85.4	6.6%		
Operating profit	**40.2**	31.3	28.4%		
Profit before tax	**28.9**	19.9	41.7%		
Adjusted diluted continuing earnings per share	**15.3p**	13.6p	12.5%		
Total dividend per share	**5.8p**	5.6p	3.6%		
Operating cash flow[5]	**107.2**	98.1	9.3%		
Operating cash flow conversion	*105%*	*104%*			
Net debt[6]	**(109.8)**	(271.5)			
Leverage	*1.1x*	*2.3x*			

[1] Organic growth is calculated to provide a more meaningful analysis of underlying performance than Reported growth. The following adjustments are made: (a) constant currency (restating FY17 at FY18 exchange rates), (b) event timing differences between periods (if any) (c) excluding the part-year impact of acquisitions and disposals. There were no event timing differences in 2017 or 2018. See the reconciliation in the Alternative Performance Measures section below.

[2] Proforma growth is calculated in a similar way to Organic growth but the calculation assumes that all acquisitions and disposals in 2018 or 2017 took place on 1 January 2017. See the reconciliation in the Alternative Performance Measures section below.

[3] Adjusted EBITDA is IFRS operating profit before expensing (a) depreciation of tangible fixed assets and amortisation of software, (b) exceptional items, (c) amortisation of acquired intangible assets, (d) impairment of tangible and intangible assets and (e) share-based payments.

[4] Adjusted operating profit is IFRS operating profit before expensing (a) exceptional items, (b) amortisation of acquired intangible assets (c) impairment of and intangible assets and (d) share-based payments.

[5] Operating cash flow is cash generated from Continuing operations before exceptional items. Operating cash flow conversion is this measure of cash flow divided by Adjusted EBITDA from Continuing Operations. See the reconciliation in the Alternative Performance Measures section below.

[6] Leverage is Net debt divided by Adjusted EBITDA from both Continuing and Discontinued Operations.

Chief Executive's statement

Continued record of organic growth

Our strategy and focus on the digital economy has delivered another year of strong growth in 2018, further amplified by recent high growth acquisitions. Revenue from continuing operations was £348.5m (2017: £292.9m), a reported growth of 19.0% and an Organic growth of 6.3% or 9.6% on a Proforma basis. We have grown EBITDA by 3.8% on an Organic basis and by 12.5% on a Proforma basis and delivered an Adjusted EBITDA margin of 29.2% (2017: 32.3%), allowing for the acquisition of higher growth, lower margin businesses whilst continuing our planned investment to support our market leadership in our core markets.

Operating model based on customer needs

Following the completion of the disposal of the Exhibitions business in July 2018, we adopted a new operating model to align with our strategy of serving the needs of customers in Product Design, Marketing and Sales:

- Product Design: global trend forecasting and insight (WGSN).
- Marketing: global creative benchmark, effectiveness measurement and strategic advisory (Cannes Lions, WARC, MediaLink).
- Sales: global ecommerce data, analytics and managed services, Fintech consumer payments and retail intelligence (Edge, Flywheel Digital, Money20/20, RWRC).

Ascential also powers political, construction and environment intelligence brands DeHavilland, Glenigan and Groundsure, which form a fourth operating segment, Built Environment & Policy.

The shape of our business going into 2019 has directly benefited from our transformation with a higher mix of subscription based revenue streams with faster growth levels.

A year of developing our critical capabilities

Our strategic goal is to be the specialised information provider that ensures our customers, who are primarily organisations who create and distribute consumer products, are able to win and thrive in the digital commerce economy.

We are confident that we now have the critical capabilities we need in our business to achieve our strategic goals. We have built a unique information set across the lifecycle of Product Design, Marketing and Sales to enable our customers to win in the digital commerce economy. We will continue to review how we build out our capabilities to better serve our customers in China, and although we believe we can develop our existing capabilities through organic investment, we continue to review potential acquisition opportunities to accelerate and provide further unique information as part of this expansion.

In 2017, we set out the critical functionality we needed to develop to position us as the most advanced and best positioned company in this space and we have made good progress in executing against this, particularly in the high growth Sales segment.

Customer capability segment	Market leading products	New product lines
Product Design	• WGSN trend forecasting – 16 categories • WGSN Lifestyle & Interiors • WGSN Mindset	• WGSN Insight – consumer trends • WGSN Barometer – consumer insights • Coloro – colour system and tools • WGSN Beauty – beauty trends
Marketing	• Cannes Lions – creativity benchmark • The Work – digital platform on award winning creative work • WARC – digital platform for marketing effectiveness • MediaLink – digital transformation and advisory for media	• Cannes Lions – new segments (Sports and Creative Strategy) launched • Cannes Lions Digital Pass – watch the Festival online • WARC for Advertisers and Media Owners • CLX – next generation media marketing platform
Sales	• Money20/20 – payments and fintech • Edge – price & promotion • Edge – retail insights • Edge – market share • Edge – digital shelf • Flywheel Digital– managed retail services • Flywheel Digital – Amazon Marketing Services optimisation	• Edge – total ecommerce

Product Design

2018 was a successful year for our Product Design segment with Organic revenue growth accelerating to 7%. Over the last few years, we have launched a number of new products in our Product Design sector and are now the clear market leader in trend forecasting in all major product categories. This has provided us with a strong foundation for our business and we have continued to maintain high retention rates with our customers. Our newer products address lifestyle and interiors, broader consumer trends, a colour system, emerging market coverage and consumer insights. These, together with our new WGSN Beauty trends product for 2019, put us in a strong position for further growth in this segment.

Marketing

As previously announced, 2018 was a challenging year for our Marketing segment, with an Organic revenue decline of 8%. Our focus in the second half of the year has been to position our Cannes Lions and MediaLink brands to be able to return to growth in the full year of 2019. Since the acquisition of WARC and the launch of Cannes Lions' The Work and the Digital Pass,

digital products today make up over 10% of this segment's revenues. We expect to see continued strong growth in these new digital product lines in 2019.

The event reset activity we undertook for the 2018 Cannes Lions festival saw a record Net Promoter Score and the major agency holding companies have all reconfirmed their support for the 2019 festival. MediaLink has continued its planned transition away from retainer contracts with small digital publishing and adtech organisations towards brand orientated work. A cost restructure was implemented in the second half of 2018 to align with this focus.

CLX is a new two-day summit for industry VIPs launched for Cannes Lions 2019. It is designed around immersive and interactive experiences with some of the world's most exciting media and entertainment creators. We see this joint development between Cannes Lions and Medialink as an enabler of 2019 growth.

Sales

2018 was a seminal year for building out our capabilities in the Sales segment and we now have market leadership in most of the key areas we identified as important for this segment.

Our Fintech consumer payments capability has been expanded through the launch of two new geographies for our market-leading platform Money20/20 in Asia and China. The overall platform has continued to perform strongly with Organic growth of 37% in 2018.

We now have a comprehensive set of capabilities to help our customers win in today's ecommerce-driven environments. During 2018 we launched Edge by Ascential, which delivers industry-leading ecommerce driven data, insights and advisory services for brands and retailers. Formerly BrandView, Clavis Insight, One Click Retail and Planet Retail RNG, Edge by Ascential delivers the industry's most accurate and actionable sales-driving data to support our customers through the cycle of market share assessment, digital shelf management, price & promotion optimisation and retail insights. With the recent acquisition of Flywheel Digital, we can now also provide our customers with a platform-driven total product management service for both retail management and marketing services promotion on the Amazon platform.

Built Environment and Policy

Our Built Environment and Policy segment continues to trade well with revenue growth of 12% and an expanded Adjusted EBITDA margin of 41%. There are no plans to proactively review any strategic decisions for this segment in the medium term.

Strong balance sheet and focussed capital allocation

We continued to apply a rigorous capital allocation framework to our business. This was evidenced through the recycling of capital from the disposal of the Exhibitions business which was completed in July 2018 for a total cash consideration (adjusted for cash disposed and working capital) of £296.4m into higher growth business investments and M&A.

The disposal allowed us to further focus on our strategic priority of enabling customers to win in the digital economy and has increased our capacity to invest in our target disciplines of Product Design, Marketing and Sales. We have allocated part of the capital released from the disposal of the Exhibitions business to the acquisitions of WARC, BrandView and Flywheel Digital. Apart from the potential to accelerate growth in China, and an ongoing interest in strengthening the depth and quality of the unique data we own, we are now focusing our efforts on the integration and engineering of our own new products and therefore expect M&A activity to be a less pronounced feature of the next stage of our development.

We ended 2018 with a robust balance sheet that provides flexibility and underpins our confidence for our prospects in 2019 and beyond.

A culture aligned to our future

We have a unique set of company beliefs and behaviours that are ingrained in our people and ways of working worldwide. We aim to think big and see the bigger picture to help our customers translate insight into advantage. We are thought-provoking and persuasive, always searching for a better way to help our customers win. We encourage our teams to be visionary and confident, so that we continue to define the way forward in these exciting new markets.

As part of the work to consistently embed these values and leadership beliefs across the group, we have continued to develop a "One Ascential" culture across all brands and geographies. For the first time, this year we ran a single unified employee engagement survey globally which both evidenced our progress in developing our people strategy, and enabled us to develop a clear plan to further improve across all engagement areas in 2019.

We continue to evolve our operating model to align more effectively with our strategy and we have adapted our reward model to reflect the structure of our income, incentivising our teams on long term sustainable value creation. We expect to continue evolving the operating model during 2019 to further streamline how we work.

Summary

2018 has been a critical year for our business. We have executed our priority divestments as well as ensuring that we have built up the critical capabilities we need to be successful going forward. We have developed a unique information set across the lifecycle of Product Design, Marketing and Sales and as we continue to join up our information, teams and capabilities, we identify more opportunities to help our customers. We can see a clear path to achieving double-digit growth as we continue to help our customers grow their business in the accelerating digital economy.

Our focus over the next 12 months will be on returning the Marketing segment to growth, consolidating and integrating the high growth acquisitions we have made, and leveraging the wider potential of the unique information we own across Product Design, Marketing and Sales.

Outlook

We are now at an advanced stage of our multi-year strategy to support global brands as they navigate fast-paced change in the digital commerce economy. Our evolution in 2018 was supported by three high-growth acquisitions, partially reallocating the proceeds of the Exhibitions business.

Our focus has now shifted to integrating our unique information services to continue to give our global customer base access to the information they need. We have taken action to return our Marketing segment to growth in 2019, following the successful re-set of Cannes Lions in 2018, and the realignment of MediaLink to focus on large brand reviews and projects. We remain well placed to enhance our market leadership in 2019 and to pursue our medium-term target of double-digit growth.

Duncan Painter
Chief Executive Officer
22 February 2019

Segmental Review

Product Design segment

Revenue grew organically by 7% to £77.8m (2017: £73.6m), with Adjusted EBITDA growing to £28.1m (2017: £22.5m) and margin improving to 36%, from 31% in 2017.

WGSN, the Company's largest brand, is the leading global supplier of trend forecasts, market intelligence and insight to the fashion industry and other businesses in design-orientated consumer markets. In 2018, it grew revenue by 7% on an Organic basis to £77.8m, while retention rates remained strong at 92%. WGSN continues to gain traction with products launched in recent years such as our digital shelf offering (now sold to financial services customers), the broader consumer trends product Insight (growing over 80% to £5m of billings), brand sentiment tool Barometer and new colour system Coloro. These not only provide new revenue opportunities with existing customers but also broaden WGSN's customer base beyond apparel – and a new initiative for 2019 is the launch of a specific trend product for the Beauty industry.

Marketing segment

Revenue of £116.3m (2017: £110.6m) represented an Organic decline of 8% (down 6% on Proforma basis) driven by Cannes Lions and MediaLink. As a result, the Adjusted EBITDA fell to £38.9m (2017:£48.1m), with margin reducing from 43% in 2017 to 33%.

Cannes Lions, is the world's largest and most widely recognised international benchmark and festival for creativity in the branded communications industry. Following extensive discussions last year with key stakeholders, the 2018 festival featured important changes, most notably a new awards structure that included the retirement of three Lion awards and a reduction of over 120 sub-categories. Additionally, the festival was focused into a five-day period (previously it was held over eight), a feature that makes participation more cost effective for our customers. In 2018, owing principally to the one-year withdrawal of Publicis and the refreshed awards structure, revenues declined by 8%. The overall revenue mix continued to move away from advertising agency holding companies, towards brands, media platforms and consultancies.

Cannes Lions has three main revenue streams: award entries, delegates, and partnerships and digital:

- Award entries accounted for 37% of revenue. Volumes fell 21% driven both by the one-year Publicis withdrawal and the retirement of Lions awards and awards sub categories. Good levels of interest in the new Lions such as Social & Influencer and Brand Experience & Activation offset long established declines in Print and Outdoor Lions categories.

- Delegate passes accounted for 38% of revenue. Delegate revenue declined in 2018 mainly as a result of reduced participation by agency holding companies, including Publicis, combined with the standardisation to a single five-day pass. A new initiative in 2018 was the "Cannes Curated" product for major brand groups.

- Partnerships and digital revenues were 24% of Cannes Lions revenues and grew 27% compared to last year. The strong growth was driven by digital revenues and consultancy fees from the Creative Leadership programmes that Cannes Lions undertook with three major brands. The launch of The Work and Lions Digital Pass were important steps to broaden engagement with the creative community beyond the physical environment of Cannes. This, together with the acquisition of WARC, further develops Cannes Lions year-round digital revenue streams.

Overall, the changes to the Festival's format were extremely well received by participants, resulting in an NPS of score 53, the highest on record. This, together with development of the digital offering, the launch of two new awards categories in 2019 and the high level of stakeholder engagement evident during the Festival, position Cannes Lions well for growth.

MediaLink is a strategic advisory firm serving customers at the intersection of media, marketing, advertising and entertainment. There are four revenue streams - retainers, projects, executive search and events (bespoke content and hosted meeting programmes at events like Cannes Lions and The Consumer Electronics Show, CES). Revenue in 2018 declined 7% on the prior year (on a Proforma basis), driven by an ongoing strategic change to the business. The mix of clients has changed following a deliberate shift in focus towards more brand-led work, with a reduction in revenue from digital publishers and AdTech businesses.

WARC, acquired in July 2018, is a global digital subscription-based business that helps brands, agencies and media platforms assess marketing effectiveness across all channels. In the 2018 year (on a Proforma basis) it grew revenue by 8% while maintaining a retention rate of over 90%. Growth was subdued by the planned closure of certain print products and ongoing digital subscriptions revenue grew by 13%.

The launch of **CLX** (a media and entertainment summit to be held at Cannes Lions in 2019 in partnership with MediaLink) is expected to be a driver of future growth for the Marketing Segment.

Sales segment

Revenue grew by 25% on an Organic basis (30% on a Proforma basis) to £120.9m (2017: £78.0m), with Adjusted EBITDA growing to £36.9m (2017: £29.3m) and margin declining to 31% (2017: 38%). The revenue growth was led by strong growth from Money20/20 Europe, along with the two launches, in Singapore and China. Edge (18%) and Flywheel Digital (110%), on a Proforma

basis, also contributed strongly to the growth. In terms of EBITDA, the acquisition of Clavis in December 2017 was the main factor in reducing margin.

Money20/20 is the leading congress in the Fintech consumer payments sector, focusing on the evolution of consumer payment and financial services through mobile, retail, marketing services, data and technology. 2018 revenues delivered an excellent Organic growth rate of 37%.

In the first half, Money20/20 Asia was launched successfully taking place in Singapore in March 2018. The event delivered revenues of £6.8m. Now in its third year, Money20/20 Europe relocated to its new home of Amsterdam in June 2018 and delivered revenues of £17.3m, an Organic revenue growth of 33% partially enabled by the enlarged exhibition space in Amsterdam.

In the second half, Money20/20 USA, the original and largest edition now in its seventh year, was held in October 2018 in Las Vegas. It reported revenue of £29.4m, an Organic growth of 4%. The final event of the year was the inaugural edition of Money20/20 in China which was held in November 2018 in Hangzhou and delivered revenues of £2.5m.

£'m	**2018**	2017
Asia (Singapore, March)	**6.8**	-
Europe (2018 Amsterdam, 2017 Copenhagen, June)	**17.3**	12.3
USA (Las Vegas, October)	**29.4**	28.2
China (Hangzhou, November)	**2.5**	-
Total Revenue	**56.0**	40.5

Edge by Ascential, the recently integrated digital retail strategy and analytics business, comprises the businesses formerly known as One Click Retail, Clavis, BrandView and Planet Retail RNG. To date integration has prioritised the alignment of customer facing functions, while the consolidation of the underlying product, technology and business systems platforms is ongoing. Overall in 2018 Edge recorded (on a Proforma basis) revenue of £55.7m, an Organic and Proforma growth of 18%.

- Edge Market Share (formerly One Click Retail), a leading provider of ecommerce sales and share measurement for product manufacturers, grew revenue by 40% in 2018. This was driven by the signing of 37 new customers and the expansion of 11 existing US customers into new geographies.

- Edge Digital Shelf (formerly Clavis, acquired in December 2017), the leader in optimising manufacturers' product performance across hundreds of retailer websites, grew revenue (on a Proforma basis) by 22% in 2018. This was driven by the signing of 26 new customers and the expansion of several existing customers into new geographies (primarily APAC).

- Edge Price & Promotion (formerly BrandView, acquired in September 2018) is a leading global information provider to retailers and manufacturers, allowing them to measure and manage pricing and promotion activity and drive sales across both off-line and on-line market places. Edge Price & Promotion grew revenue (on a Proforma basis) by 16%, driven by the signing of 40 new customers and the expansion of several existing European customers into the US.

- Retail Insights (formerly Planet Retail RNG) a provider of information to consumer product companies, retailers and consultants on global retail trends saw revenues decline slightly mainly driven by reduced advisory revenues. The launch of a new platform, providing customers with more powerful data, analysis and visualisation tools is designed to improve customer retention and new business win rates in 2019.

Flywheel Digital, a provider of managed services to brands on Amazon, was acquired in November 2018. In 2018 (on a Proforma basis) it recorded revenue growth of 110% while it more than doubled its customer numbers (to over 70).

RWRC recorded revenue growth of 2%. World Retail Congress, which brings together the leaders of the Global retail industry, held its 2018 event in Madrid, which grew strongly. Retail Week an events and information services business covering the retail industry, refocused in 2018 to deliver fewer, but larger events. The highlight was Tech 18, which doubled revenue in its second year.

Built Environment & Policy segment

Revenue grew by 12% overall to £34.3m, with all three businesses contributing double-digit growth in the year. As a result, the EBITDA margin improved to 41%, from 30% in 2017.

Groundsure the market leading provider of environmental risk data, had another strong year, outperforming a subdued UK residential property market (down 2%), with revenue growth of 10%. This success was achieved through further product innovation in 2019, rolling out the new technologies that underpin its flagship Avista product across the full product range.

Glenigan, a provider of construction project sales leads, industry data, analysis, forecasting and company intelligence delivered a 15% revenue growth.

DeHavilland, a leading provider of political intelligence and monitoring services in the UK and EU, grew revenues by 10%.

Financial Review

Overview

The results for the year are set out in the consolidated profit and loss statement and summarised in the table below and show, for continuing operations, revenue of £348.5m (2017: £292.9m), a growth of 19.0% (or 6.3% on an Organic basis, and 9.6% on a Proforma basis), and operating profit of £40.2m up 28.4% (2017: £31.3m). Adjusted EBITDA was £101.8m (2017: £94.7m) an Organic growth of 3.8% or 12.5% growth on a Proforma basis. We also delivered strong cash flow in 2018 with free cash flow from continuing operations after tax and capex of £77.1m (2017: £80.1m) a free cash flow conversion of 76%. Operating cash flow conversion was 105%.

A core KPI and strategic goal of the Company is Organic revenue growth as this is the most efficient method of growth, measures the underlying health of the business and is a key driver of shareholder value creation. Organic revenue growth eliminates the impact of acquisitions (counting them only once they have been owned for 12 months) and disposals and that element of growth which is driven by changes in foreign exchange rates. It is an alternative performance measure and is discussed in more detail below. Proforma growth is measured in a similar way to Organic growth but assumes that the Company's acquisitions were all made on 1 January 2017 and is therefore a measure of the rate of growth of the brands owned today.

Adjusted EBITDA is also an alternative performance measure and is used in the day-to-day management of the business to aid comparisons with peer group companies, manage banking covenants and provide a reference point for assessing our operational cash generation. It eliminates items arising from portfolio investment and divestment decisions, and from changes to capital structure. Such items arise from events which are non-recurring or intermittent, and while they may generate substantial income statement amounts, do not relate to the ongoing operational performance that underpins long-term value generation.

Continuing operations

£'m	2018	2017	Reported growth rate	Organic growth rate	Proforma growth rate
Revenue	348.5	292.9	19.0%	6.3%	9.6%
Adjusted EBITDA	101.8	94.7	7.5%	3.8%	12.5%
Adjusted EBITDA margin	29.2%	32.3%			

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Segmental results

Following the sale of the Exhibitions Business in July 2018, the Group changed from two to four reportable segments to align our operating model to the needs of the end customers we serve. The four reportable segments are Product Design, Marketing, Sales and Built Environment & Policy. Information regarding the results of each reportable segment is included below and restated for 2017 to enhance comparability.

2018 £'m	**Product Design**	**Marketing**	**Sales**	**Built Environment & Policy**	**Corporate Costs**	**Continuing operations**
Revenue	77.8	116.3	120.9	34.3	(0.8)	**348.5**
Organic revenue growth	*7%*	*(8%)*	*25%*	*12%*		***6.3%***
Proforma growth	*7%*	*(6%)*	*30%*	*12%*		***9.6%***
Adjusted EBITDA	28.1	38.9	36.9	14.0	(16.1)	**101.8**
Organic Adjusted EBITDA growth	*27%*	*(23%)*	*19%*	*53%*		***3.8%***
Proforma growth	*27%*	*(22%)*	*49%*	53%		***12.5%***
Adjusted EBITDA margin	*36%*	*33%*	*31%*	*41%*		***29.2%***
Depreciation and software amortisation	(1.8)	(4.1)	(2.1)	(0.5)	(2.3)	**(10.8)**
Adjusted operating profit	**26.3**	**34.8**	**34.8**	**13.5**	**(18.4)**	**91.0**
2017 (restated) £'m						
Revenue	73.6	110.6	78.0	30.7	-	292.9
Adjusted EBITDA	22.5	48.1	29.3	9.1	(14.3)	94.7
Adjusted EBITDA margin	*31%*	*43%*	*38%*	*30%*	-	*32.3%*
Depreciation and software amortisation	(2.3)	(3.9)	(1.0)	(0.6)	(1.5)	(9.3)
Adjusted operating profit	20.2	44.2	28.3	8.5	(15.8)	85.4

Revenue

The Company benefits from diverse revenue streams across its segments ranging from digital subscriptions to live events to advisory. Most of these revenue streams have recurring characteristics and benefit from our focus on customer retention.

Revenues from continuing operations in 2018 grew to £348.5m (2017: £292.9m), an increase of £55.6m or 19.0%. Adjusting for currency impacts and recent acquisitions Organic growth was 6.3% driven by double digit growth of Money20/20 (37%), Edge Market Share (formerly One Click Retail) (40%) as well as the Built, Environment and Policy segment (12%) followed by the high single digit growth of the Product Design segment (7%). This was offset by an 8% decline in the Marketing Segment driven by Cannes Lions and MediaLink. Proforma revenue growth, which is a measure of how well the current portfolio of brands is growing, was 9.6%.

Adjusted EBITDA

Adjusted EBITDA increased by 7.5% to £101.8m (2017: £94.7m) representing a 3.8% Organic growth rate. Adjusted EBITDA margin reduced to 29.2% due to the acquisition of Clavis which was slightly loss making in the year overall despite achieving break-even in the final quarter, planned product investment in our Sales segment including two new launches for Money20/20, the acceleration of the Edge integration strategy and dilution of the margin in the Marketing Segment as a result of revenue reduction. We saw strong margin growth in the Product Design segment and in the Built Environment and Policy segment demonstrating the superior margin opportunities in scaled, mature, digital subscriptions businesses.

Reconciliation between Adjusted EBITDA and statutory operating profit

Adjusted EBITDA is reconciled to statutory operating profit as shown in the table below:

£'m	2018	2017
Adjusted EBITDA	101.8	94.7
Depreciation and software amortisation	(10.8)	(9.3)
Adjusted operating profit	**91.0**	**85.4**
Amortisation	(30.6)	(17.8)
Exceptional items	(14.0)	(32.5)
Share based payments	(6.2)	(3.8)
Statutory operating profit	**40.2**	**31.3**

Amortisation of acquired intangible assets

The amortisation charge of £30.6m (2017: £17.8m) on acquired intangible assets increased mainly due to full year charges for the acquired intangibles of MediaLink and Clavis as well as a proportional charge for the 2018 acquisitions of WARC, BrandView and Flywheel Digital offset by the impact of fully amortised assets. The Company undertakes a periodic review of the carrying value of its intangible assets of £786.0m (2017: £771.7m) which are supported by the value in use calculations and no impairment was identified in the current or prior year.

Exceptional items

The charge for exceptional items included in continuing operations in 2018 totalled £14.0m (2017: £34.3m) as set out in the table below and further explained in Note 5.

£'m	2018	2017
Deferred contingent consideration	8.1	27.7
Expenses related to acquisition	5.9	4.6
IPO expenditure and other	-	0.2
Exceptional items relating to continuing operations	**14.0**	**32.5**

The charge for deferred contingent consideration mainly relates to acquisition-related contingent employment costs on the acquisitions of One Click Retail, MediaLink, Clavis and Flywheel Digital which, absent the link to continued employment, would have been treated as

consideration. The reduced charge in 2018 of £13.3m (2017: £26.6m) is offset by a credit on revaluation of £5.2m (2017: £1.1m charge) mainly due to MediaLink's lower performance in the year.

Share-based payments

The charge for share-based payments of £6.2m (2017: £3.8m) incorporates the Share Incentive Plan, the SAYE and the Performance Share Plan.

- The charge in 2016 represented 9 months' charge (of the 36-month service period) for the Company's inaugural grant of awards.
- 2017's charge includes both a 12-month charge for the 2016 award and a 10-month charge for the 2017 award.
- The 2018 charge includes the full annual charge for the 2016 and 2017 awards as well as a 10-month charge for the March 2018 award.

The 2019 charge will include full annual charges for the 2017 and 2018 awards as well as a 10-month charge for the expected grant in March 2019. The 2019 charge will also include the final 3-month charge for the 2016 award. The 2019 charge is therefore expected to be more representative of the share-based payment charge going forward.

Finance costs

The adjusted net finance costs for the year were £11.9m (2017: £11.7m) as set out in the table below.

Adjusted net finance costs (£'m)	**2018**	2017
Interest payable on external debt	(7.1)	(5.8)
Interest receivable	0.6	0.2
Amortisation of loan arrangement fees	(1.2)	(1.3)
Discount unwind on contingent and deferred consideration	(3.6)	(4.3)
Net loss on foreign exchange and derivatives	(0.6)	(0.5)
Adjusted net finance costs	(11.9)	(11.7)

The interest expense on the Company's borrowings was £7.1m (2017: £5.8m) with the increase driven by the drawdown of the Revolving Credit Facility and slightly higher leverage during the first half, partially offset by interest income on the disposal proceeds which was deposited in money market funds. Other finance charges represent the unwind of the discount on deferred consideration and will increase in 2019 to include a full 12 months relating to Flywheel Digital.

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Taxation

A tax charge of £17.8m (2017: £18.7m) was incurred on continuing adjusted profit before tax of £79.7m (2017: £74.0m) resulting in an adjusted effective tax rate for the year of 22% (2017: 25%). Adjusting items total £50.8m (2017: £54.1m) and a tax credit of £8.9m arises on these adjusting items (2017: £10.7m). This equates to a total tax charge of £8.9m (2017: £10.7m) and an effective tax rate of 31% on the continuing profit before tax of £28.9m.

The ongoing adjusted effective tax rate of the Group is expected to be approximately 24-25% next year as a result of increasing profits in the US which are taxed at 26% as compared to UK profits which are taxed at 19%.

Cash tax paid was £12.2m (2017: £7.9m) and the Group continued to benefit by £3.1m (2017: £6.7m) from the utilisation of historic tax losses in the UK and US which are expected to continue to benefit the Group's cash flow over the medium term.

The Group has a total recognised deferred tax asset of £42.8m (2017: £47.1m) relating to UK and US losses, accelerated capital allowances and US acquired intangibles and deferred consideration. The majority of this asset is expected to convert into cash savings over the next ten years. Meanwhile our deferred tax liability amounted to £24.8m (2017: £31.3m) and related to non-deductible acquired intangibles and is not expected to convert into cash.

Discontinued operations

Discontinued operations relate to the Exhibitions business for the first six months of the 2018 financial year and includes the 13 Heritage Brands which were sold at various dates in 2017 in the comparator. The overall result for discontinued operations is comprised as follows and was restated in 2017 to include the Exhibitions business:

Discontinued operations (£'m)	**2018**	2017 Restated*
Revenue	**54.6**	105.8
Adjusted EBITDA	**19.8**	25.9
Depreciation and amortisation	**(0.3)**	(1.8)
Amortisation of acquired intangibles	**(3.1)**	(7.7)
Exceptional items including gain / (loss) on disposal	**176.5**	(3.0)
Share based payments	**(0.3)**	(0.6)
Profit before tax	**192.6**	12.8
Taxation	**(3.4)**	(6.7)
Profit after tax	**189.2**	6.1

*Revenue and cost of sales in 2017 have been restated for IFRS15 (see Note 1). There is no impact on opening balance sheet, net profit or EPS. In addition, 2017 has been restated for the £1.8m loss on disposal of the Heritage Brands which had been treated as an exceptional item in continuing operations last year.

The exceptional item in discontinued operations includes the gain on disposal of £180.6m with no tax impact as a result of the application of the substantial shareholding exemption. This was offset by £3.6m of separation expenses, £0.3m revaluation of contingent consideration and £0.2m of items related to the disposal of the Heritage Brands in 2017.

Foreign currency translation impact

Ascential reports its results in Pounds Sterling and, following US acquisitions and the significance of Cannes Lions (primarily Euro) and Money20/20 (primarily US Dollar and Euro), reported performance is increasingly sensitive to movements in the Euro and US Dollar against Pounds Sterling.

For most of 2018, Sterling was in line with the 2017 average Euro exchange rates but weakened against the Euro at the year end. Sterling weakened slightly against the US Dollar in 2018, as can be seen in the table below:

	Weighted average			Year-end rate		
Currency	**2018**	2017	Change	**2018**	2017	Change
Euro	1.14	1.14	0.1%	**1.12**	1.13	0.9%
US Dollar	1.32	1.30	(1.4%)	**1.28**	1.34	4.5%

When comparing 2018 and 2017, changes in currency exchange rates had a net adverse impact of £3.0m on revenue and £0.2m on Adjusted EBITDA. On a segmental basis, the adverse impact of changes in foreign currency exchange rates was as follows:

- Product Design: £1.6m impact on revenue and £0.3m impact on Adjusted EBITDA.
- Marketing: £1.1m impact on revenue and £0.1m impact on Adjusted EBITDA.
- Sales: £0.3m impact on revenue and £0.2m favourable impact on Adjusted EBITDA.
- Built Environment & Policy: no impact on revenue or Adjusted EBITDA.

For illustrative purposes, the table below provides details of the impact on revenue and Adjusted EBITDA if the actual reported results were restated for Sterling weakening by 1% against the USD and Euro rates in isolation.

£'m	**2018 Revenue**	**2018 Adjusted EBITDA**	2017 Revenue	2017 Adjusted EBITDA
Increase in revenue/Adjusted EBITDA if:				
- Sterling weakens by 1% against USD in isolation	**1.5**	**0.7**	1.2	0.6
- Sterling weakens by 1% against EUR in isolation	**1.0**	**0.7**	1.1	0.9

Furthermore, each 1% movement in the Euro to pounds Sterling exchange rate has a £1.5m (2017: £1.5m) impact on the carrying value of borrowings. Each 1% movement in the US Dollar has a circa £0.8m impact on the carrying value of borrowings (2017: £1.0m).

Earnings per share

Continuing adjusted diluted earnings per share of 15.3p per share is 12.5% ahead of the 13.6p per share recorded for 2017 and continuing diluted earnings per share of 4.8p per share is 71% ahead of the prior year figure of 2.8p.

Total diluted earnings per share were 51.4p (2017: 4.4p) driven in large part by the gain on disposal of the Exhibitions business.

Acquisitions and disposals

We regularly assess opportunities to acquire high-growth products and capabilities to serve our key end markets of Product Design, Marketing and Sales and, in 2018, incurred initial cash consideration of £97.7m for three bolt-on acquisitions.

WARC

In July 2018, we acquired WARC a global digital subscription business helping brands, agencies and media platforms assess marketing effectiveness across all channels. It is a global leader in providing information and insight to understand and measure multi-channel advertising effectiveness. The initial cash consideration was £19.9m with deferred consideration of £4.5m payable in 2019. WARC is growing well and delivered revenue of £11.5m (up 8% on the prior year).

BrandView – Edge by Ascential

In August 2018, we acquired a leading global provider of Price and Promotion analytics to retailers and manufactures for initial consideration of £29.8m plus a deferred consideration, expected to total £5.0m which is payable subject to the achievement of targets for subscription billings in 2018 and the first half of 2019. BrandView was merged into the Edge by Ascential brand in October. BrandView delivered £13.8m of revenue for the year (up 16% on the prior year).

Flywheel Digital

In October 2018, we acquired a leading US-based provider of managed services to consumer product companies trading on the Amazon platform for an initial consideration of $60m plus earn-out payments payable over three years. Earn out consideration is payable in cash based on revenue of the business for 2019, 2020 and 2021 and is expected to total between approximately US$47m and US$196m. A portion of the earn-out is subject to the founders remaining in employment with the company. The total potential consideration, including both the initial consideration and earn-out payments, is capped at US$400m. Flywheel Digital is growing rapidly (with revenue in 2018 up 110% on 2017).

Exhibitions Business
In July 2018, we successfully disposed of our Exhibitions Business for a total net cash consideration of £296.4m after adjusting for working capital and cash disposed. After transaction costs of £7.1m and the recycling of historic foreign exchange differences, a gain on disposal of £180.6m was recognised. Separation costs of £3.6m were recognised in exceptional items.

Deferred Consideration
The Company's preferred structure for M&A is to enter into long term earn out arrangements with the founders of acquired companies and to link the earn out to both the post-acquisition performance of the acquired company and the continuing employment of the founders. Accounting for the earn out is complex and requires considerable judgements to be made about the expected future performance of the acquired company at the point of acquisition – especially difficult in the type of high growth, early stage companies that Ascential acquires.

The earn out is accounted for in three ways:

1. A liability for Deferred Consideration is established on the balance sheet at the point of acquisition based on that element of the earn out which is not dependent on the continuing employment of the founders. This amounted to £96.7m at December 2018 (2017: £97.9m). Any change in estimate is recorded as an exceptional item. This amounted to a credit of £4.9m in 2018 (2017: charge £1.1m) driven by the 2018 performance of the MediaLink business.

2. This liability is discounted to present value using the Company's cost of capital with the reversal of this discount being recorded as Other Finance Costs within the interest charge. This amounted to a charge of £3.6m in 2018 (2017: £4.3m).

3. Finally, that element of the deferred consideration that is contingent on the continuing employment of the founders is charged to the income statement as an exceptional item over the service life of those founders (typically three years). This amounted to a charge of £13.3m in 2018 (2017: £26.6m) which was offset by a credit for the revaluation of the earn out of £5.2m (2017: £1.1m charge).

In total, the Company expects to payout Deferred Consideration of between £120m and £140m over the next three years for acquisitions to date. This is mainly contingent on the future performance of the acquired businesses which are estimated to grow their annual EBITDA by between approximately £23m and £33m between now and 2021.

Cash flow

Continuing operations

The Company generated Adjusted operating cash flow from continuing operations of £107.2m (2017: £98.1m) being a strong 105% operating cash flow conversion (2017: 104%). After increased investment in product development in our digital subscription products, internal productivity tools and the Company's datacentre, capex increased to £18.7m or 5.3% of revenues up from £11.8m or 4.0% of revenues in 2017. Tax paid on profits from continuing operations increased from £6.2m to £10.9m driven by an increase in profits as well as a change to UK tax rules that extends the period over which losses can be recovered. As a result, the Company generated free cash flow on continuing operations of £77.1m (2017: £80.1m), a decreased to 76% from 85%.

£'m	**2018**	2017
Adjusted EBITDA	**101.8**	94.7
Working capital movements	**4.9**	3.4
Adjusted cash generated from continuing operations	**106.7**	98.1
% operating cash flow conversion	***105%***	*104%*
Capital expenditure	**(18.7)**	(11.8)
Tax paid	**(10.9)**	(6.2)
Free cash flow from continuing operations	**77.1**	**80.1**
% free cash flow conversion	***76%***	*85%*

Discontinued operations

The Company generated Adjusted operating cash flow from discontinued operations of £3.4m (2017: £23.8m). The significant decline arose from reduced profit as the Exhibitions business was only owned for the first six months of the year and the disposal occurring at a seasonally low point for deferred income. Both the Exhibitions business and, in the prior year the Heritage Brands, had minimal capital expenditure.

£'m	**2018**	2017
Adjusted EBITDA	**19.8**	25.9
Working capital movements	**(16.4)**	(2.1)
Adjusted cash generated from discontinued operations	**3.4**	23.8
Capital expenditure	-	-
Tax paid	**(1.3)**	(1.7)
Free cash flow from discontinued operations	**2.1**	**22.1**

The consolidated cash flow statement (analysed between continuing and discontinued operations) and net debt position is summarised below and includes significant proceeds from the Company's business disposals totalling £290.0m (2017: £48.7m) as well as deferred and initial consideration paid on the Company's current and prior year acquisitions totalling £164.7m (2017: £164.7m).

£'m	2018	2017
Free cash flow from continuing operations	**77.1**	80.1
Free cash flow from discontinued operations	**2.1**	22.1
Free cash flow from total operations	**79.2**	102.2
(Investment) / loan to joint venture	**(0.7)**	0.2
Acquisition consideration paid	**(156.4)**	(156.5)
Exceptional costs paid		
- Deferred consideration	**(8.3)**	(8.2)
- Other	**(4.1)**	(6.7)
Disposal proceeds received	**290.0**	48.7
Cash flow before financing activities	**199.7**	(20.3)
Net interest paid	**(6.9)**	(5.9)
Dividends paid	**(22.8)**	(20.0)
Proceeds of issue of shares net of expenses	**0.4**	0.1
Debt (repayment) / drawdown	**(33.6)**	33.0
Net cash flow	**136.8**	(13.1)
Opening cash balance	**45.8**	61.9
FX movements	**(0.6)**	(3.0)
Closing cash balance	**182.0**	45.8
Borrowings	**(294.1)**	(320.7)
Capitalised arrangement fees	**2.3**	3.3
Derivative financial instruments	**-**	0.1
Net debt	**(109.8)**	(271.5)

Returns to shareholders

The Board targets a dividend payout ratio of 30% of Adjusted profit after tax. Consequently, the Board is recommending a final dividend of 3.9p per share payable on 14 June 2019 to shareholders on the register on 17 May 2019 which, together with the Company's interim dividend of 1.9p paid in September 2018, makes a total dividend for the 2018 financial year of 5.8p (2017: 5.6p).

Other financial matters

Accounting developments

2018 was the first year of implementation of IFRS15, Revenue from Contracts with Customers and IFRS 9, Financial Instruments. As explained in last year's annual report there is no material impact on the Company from these new standards.

IFRS 16 is the new lease accounting standard and has been implemented on 1 January 2019. The most significant impacts of the new accounting standard are the recognition of operating lease liabilities on the balance sheet and the reclassification of the lease charge from EBITDA to depreciation and interest. The Group plans to adopt IFRS 16 using the full retrospective method. The impact on the profit before tax in the consolidated financial statements is insignificant. We estimate the increase in EBITDA to be in the range of £7.0m to £8.0m with a combined increase in depreciation and interest in a similar range. The impact of IFRS 16 for the year-ended 31 December 2018 will be finalised and presented as a restatement along with the results for the half year ending 30 June 2019. The current level of operating leases held by the Group is disclosed in Note 15.

Capital structure

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt to equity balance. The capital structure of the Group consists of debt, cash and cash equivalents and equity attributable to equity holders of the parent comprising capital, reserves and retained earnings. The Group's policy is to borrow centrally to meet anticipated funding requirements. These borrowings, together with cash generated from the operations, are on-lent or contributed as equity to subsidiaries at market-based interest rates and on commercial terms and conditions.

The Company's sources of funding comprise operating cash flow and access to substantial committed bank facilities from a range of banks. The Company maintains a capital structure appropriate for current and prospective trading over the medium term and aims to operate net debt of 1.5 to 2.0 times EBITDA to allow a healthy mix of dividends and cash for investment in bolt-on acquisitions. Following the disposal of the Exhibitions business in July 2018 and the acquisitions of WARC, BrandView and Flywheel Digital in the second half of the year, the consolidated leverage ratio as at 31 December 2018 is 1.1x (2017: 2.3x) allowing flexibility to fund growth initiatives, future deferred consideration and bolt-on acquisitions.

Liquidity

On 12 February 2016 the Company entered into new term loan facilities of £66m, €171m and $96m as well as a revolving credit facility (RCF) of £95m. All mature in February 2021 and are currently subject to interest at 1.75% over LIBOR on the term loans and LIBOR plus 1.5% on the RCF. There is a leverage covenant limit of 4.0x (which drops to 3.5x in June 2019 until maturity) which is measured semi-annually.

As at 31 December 2018 and 2017, all of the term facilities, totalling £294.1m (2017: £288.9m) had been drawn. At 31 December 2018 none of the £95.0m of RCF had been drawn (2017: £31.8m). As a result of the Exhibitions disposal, £125.4m of cash is currently held in short-term deposits (2017: £18.4m). A refinancing is planned to take place in early 2020 ahead of the maturity of the facilities in February 2021.

Financial risk management

The Group is exposed to risks arising from the international nature of its operations and the financial instruments which fund them. These instruments include cash and borrowing and items such as trade receivables and trade payables which arise directly from operations. External borrowings are denominated 52% in Euros with the balance split between US Dollars (26%) and pounds Sterling (22%). The Company reviews and protects a proportion of its exposure to interest rate rises on the cost of borrowings through use of derivatives such as interest rate caps where appropriate. Principal risks (including strategic, operational, legal and other risks) are set out in the 2018 Annual Report.

Going concern

Ascential's business activities, performance and position, together with the factors likely to affect its future development, are set out in the 2018 Annual Report. The Board is responsible for determining the nature and extent of the principal risks it is willing to take in achieving its strategic objectives. The processes in place for assessment, management and monitoring of risks, including the risks resulting from Brexit, are described in the 2018 Annual Report where details of the financial risk management objectives and policies are given.

The Directors believe that the Group is well placed to manage its business risks successfully. The Board's assessment of prospects and stress test scenarios, together with its review of principal risks and the effectiveness of risk management procedures, show that the Group has adequate resources to continue in operational existence for the foreseeable future. The Directors have assessed the Group's prospects and viability over a three-year period and the viability statement can be found in the 2018 Annual Report. Accordingly, the Directors continue to adopt the going concern basis for the preparation of the financial statements. In forming their view, the Directors have considered the Group's prospects for a period exceeding 12 months from the date when the financial statements are approved.

Mandy Gradden
Chief Financial Officer
22 February 2019

ALTERNATIVE PERFORMANCE MEASURES

The Company aims to maximise shareholder value by optimising potential for return on capital through strategic investment and divestment, by ensuring the Company's capital structure is managed to support both strategic and operational requirements, and by delivering returns through a focus on organic growth and operational discipline. The Board considers it helpful to provide, where practicable, performance measures that distinguish between these different factors – these are also the measures that the Board uses to assess the performance of the Company, on which the strategic planning process is founded and on which management incentives are based. Accordingly, this report presents the following non-GAAP measures alongside standard accounting terms as prescribed by IFRS and the Companies Act, in order to provide this useful additional information.

Organic growth measures

To assess whether the Company is achieving its strategic goal of driving organic growth, it is helpful to compare like-for-like operational results between periods. Income statement measures, both Adjusted and Reported, can be significantly affected by the following factors which mask like-for-like comparability:

- acquisitions and disposals of businesses lead to a lack of comparability between periods due to consolidation of only part of a year's results for these businesses;
- changes in exchange rates used to record the results of non-sterling businesses results in a lack of comparability between periods as equivalent local currency amounts are recorded at different sterling amounts in different periods; and
- event timing differences between periods. The Group has no biennial events, but when annual events are held at different times of year this can affect the comparability of half-year results.

Ascential therefore defines Organic growth measures, which are calculated with the following adjustments:

- results of acquired and disposed businesses are excluded where the consolidated results include only part-year results in either current or prior periods;
- prior year consolidated results are restated at current year exchange rates for non-sterling businesses; and
- prior year results are adjusted such that comparative results of events that have been held at different times of year (if any) are included in the same period as the current year results.

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Organic growth is calculated as follows:

2018 **£'m**	**Product Design**	**Marketing**	**Sales**	**Built Environment & Policy**	**Corporate Costs**	**Continuing operations**
Revenue						
2018 - reported	77.8	116.3	120.9	34.3	(0.8)	348.5
Exclude acquisitions	(0.7)	(16.0)	(24.0)	-	-	(40.7)
2018 – Organic basis	77.1	100.3	96.9	34.3	(0.8)	307.8
Organic revenue growth	*7%*	*(8%)*	*25%*	*12%*	-	*6.3%*
2017 - reported	73.6	110.6	78.0	30.7	-	292.9
Exclude acquisitions	-	-	*(0.3)*	-	-	*(0.3)*
Currency adjustment	*(1.6)*	*(1.1)*	*(0.3)*	-	-	*(3.0)*
2017 – Organic basis	72.0	109.5	77.4	30.7	-	289.6
Adjusted EBITDA						
2018 – reported	28.1	38.9	36.9	14.0	(16.1)	101.8
Exclude acquisitions	*0.1*	*(2.1)*	*(1.7)*	-	-	*(3.7)*
2018 – Organic basis	*28.2*	*36.8*	*35.2*	*14.0*	*(16.1)*	*98.1*
Organic EBITDA growth	27%	(23%)	19%	53%	(12%)	3.8%
2017 – reported	*22.5*	*48.1*	*29.3*	*9.1*	*(14.3)*	*94.7*
Exclude acquisitions	-	*(0.1)*	*0.1*	-	-	-
Currency adjustment	*(0.3)*	*(0.1)*	*0.2*	-	-	*(0.2)*
2017 – Organic basis	*22.2*	*47.9*	*29.6*	*9.1*	*(14.3)*	*94.5*

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Proforma growth measures

Proforma growth is measured in a similar way to Organic growth but assumes that the Company's acquisitions or disposals were all made on the first day of the comparative accounting period and is therefore a measure of the rate of growth of the brands owned today. Proforma growth is calculated as follows:

2018 **£'m**	**Product Design**	**Marketing**	**Sales**	**Built Environment & Policy**	**Central Costs**	**Continuing operations**
Revenue						
2018 - reported	77.8	116.3	120.9	34.3	(0.8)	348.5
Include acquisitions	-	*5.6*	*22.3*	-	-	*27.9*
2018 – Proforma basis	*77.8*	*121.9*	*143.2*	*34.3*	*(0.8)*	*376.4*
Proforma revenue growth	*7%*	*(6%)*	*30%*	*12%*	-	*9.6%*
2017 - reported	73.6	110.4	78.2	30.7	-	292.9
Include acquisitions	*0.7*	*21.8*	*33.1*	-	-	*55.6*
Currency adjustment	*(1.6)*	*(2.2)*	*(1.2)*	-	-	*(5.0)*
2017 – Proforma basis	*72.7*	*130.2*	*109.9*	*30.7*	-	*343.5*
Adjusted EBITDA						
2018 – reported	28.1	38.9	36.9	14.0	(16.1)	101.8
Include acquisitions	-	*0.8*	*5.9*	-	-	*6.7*
2018 – Proforma basis	*28.1*	*39.7*	*42.8*	*14.0*	*(16.1)*	*108.5*
Proforma EBITDA growth	*27%*	*(22%)*	*49%*	*53%*	*(12%)*	*12.5%*
2017 – reported	*22.5*	*48.1*	*29.3*	*9.1*	*(14.3)*	*94.7*
Include acquisitions	-	*3.1*	*(1.2)*	-	-	*1.9*
Currency adjustment	*(0.3)*	*(0.4)*	*0.6*	-	-	*(0.1)*
2017 – Proforma basis	22.2	50.8	28.7	9.1	(14.3)	96.5

Adjusted profit measures

Ascential uses Adjusted profit measures to assist readers in understanding underlying operational performance. These measures exclude income statement items arising from portfolio investment and divestment decisions, and from changes to capital structure. Such items arise from events which are non-recurring or intermittent, and while they may generate substantial income statement amounts, do not relate to the ongoing operational performance that underpins long-term value generation. The income statement items that are excluded from Adjusted profit measures are referred to as Adjusting items.

Both Adjusted profit measures and Adjusting items are presented together with statutory measures on the face of the income statement. In addition, the Company presents a non-GAAP profit measure, Adjusted EBITDA, in order to aid comparisons with peer group companies and provide a reference point for assessing operational cash generation. Adjusted EBITDA is defined as Adjusted Operating Profit before depreciation and amortisation. The Company measures operational profit margins with reference to Adjusted EBITDA.

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Adjusting items

Adjusting items are not a defined term under IFRS, so may not be comparable to similar terminology used in other financial statements. Adjusting items include exceptional items, amortisation of acquired intangibles and share based payment charges. These items are defined and explained in more details as follows:

Exceptional items

Exceptional items are recorded in accordance with the policy set out in the annual report. They arise from both portfolio investment and divestment decisions and from changes to the Group's capital structure, and so do not reflect current operational performance. These items are presented within a separate column on the face of the income statement, but within their relevant income statement caption to assist in the understanding of the performance and financial as these types of cost do not form part of the underlying business.

Amortisation of intangible assets acquired through business combinations

Charges for amortisation of acquired intangibles arise from the purchase consideration of a number of separate acquisitions. These acquisitions are portfolio investment decisions that took place at different times over several years, and so the associated amortisation does not reflect current operational performance.

Share-based payments

Following the IPO, a number of employee share schemes have been introduced, resulting in a lack of comparability between periods in respect of share scheme costs – particularly as the income statement charge builds up to a normalised level over a three-year period. As this arises from a change triggered by the IPO change in capital structure, these costs have been treated as Adjusting items.

Tax related to adjusting items

The elements of the overall Company tax charge relating to the above Adjusting items are also treated as Adjusting. These elements of the tax charge are calculated with reference to the specific tax treatment of each individual Adjusting item, taking into account its tax deductibility, the tax jurisdiction concerned, and any previously recognised tax assets or liabilities.

Adjusted cash flow measures

The Company uses Adjusted cash flow measures for the same purpose as Adjusted profit measures, to assist readers of the accounts in understanding the ongoing operational performance of the Group. The two measures used are Adjusted Cash Generated from Operations, and Free Cash Flow. These are reconciled to IFRS measures as follows:

£'m	**2018**	2017
Cash generated from operations	**76.7**	107.0
Add back: acquisition-related contingent employment cash flow	**21.0**	8.2
Add back: other exceptional cash flow	**12.4**	6.7
Adjusted cash generated from operations	**110.1**	121.9

£'m	**2018**	2017
Net cash from operating activities	**64.5**	99.1
Add back: acquisition-related contingent employment cash flow cash flow	**21.0**	8.2
Add back: other exceptional cash flow	**12.4**	6.7
Less: capital expenditure	**(18.7)**	(11.8)
Free cash flow	**79.2**	102.2

The Company monitors its operational balance sheet efficiency with reference to operational cash conversion, defined as Free Cash Flow as a percentage of Adjusted EBITDA.

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Glossary of alternative performance measures

Term	Description
Adjusted EBITDA	Adjusted operating profit excluding depreciation and software amortisation
Adjusted EBITDA margin	Adjusted EBITDA as a percentage of Revenue
Adjusted effective tax rate	Adjusted tax charge expressed as a percentage of Adjusted profit before tax
Adjusted EPS	EPS calculated with reference to Adjusted Profit for the period
Adjusted operating profit	Operating profit excluding Adjusting Items
Adjusted profit before tax	Profit before tax excluding Adjusting Items
Adjusted tax charge	Tax charge excluding Adjusting Items
Cash conversion	Free cash flow expressed as a percentage of Adjusted EBITDA
Effective tax rate	Tax charge expressed as a percentage of Profit before tax
Exceptional items	Items within Operating profit separately identified in accordance with Company accounting policies
Free cash flow	Cash flows before exceptionals, portfolio investments and divestments, and financing
Net debt leverage	The ratio of Net debt to Adjusted EBITDA
Organic revenue growth	Revenue growth on a like-for-like basis
Organic EBITDA growth	Adjusted EBITDA growth on a like-for-like basis
Proforma revenue growth	Revenue growth on a like-for-like basis assuming the Company’s acquisitions were all made on 1 January 2017
Proforma EBITDA growth	Adjusted EBITDA growth on a like-for-like basis assuming the Company’s acquisitions were all made on 1 January 2017

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Cautionary statement

Certain statements in this announcement constitute, or may be deemed to constitute, forward-looking statements (including beliefs or opinions). Any statement in this announcement that is not a statement of historical fact including, without limitation those regarding the Company's future expectations, operations, financial performance, financial condition and business is a forward-looking statement. Such forward looking statements are subject to risks and uncertainties that may cause actual results to differ materially. These risks and uncertainties include, among other factors, changing economic, financial, business or other market conditions. These and other factors could adversely affect the outcome and financial effects of the plans and events described in this announcement. As a result, you are cautioned not to place reliance on such forward-looking statements. Except as is required by the Listing Rules, Disclosure and Transparency Rules and applicable laws, no undertaking is given to update the forward-looking statements contained in this announcement, whether as a result of new information, future events or otherwise.

Nothing in this announcement should be construed as a profit forecast. This announcement has been prepared for the Group as a whole and therefore gives greater emphasis to those matters which are significant to Ascential plc and its subsidiary undertakings when viewed as a whole.

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Consolidated Statement of Profit or Loss

For the year ended 31 December 2018

		2018			Restated* 2017		
(£ million)	Note	**Adjusted results**	**Adjusting items**	**Total**	Adjusted results	Adjusting items	Total
Continuing operations							
Revenue	3	**348.5**	**-**	**348.5**	292.9	-	292.9
Cost of sales		**(125.2)**	**-**	**(125.2)**	(93.9)	-	(93.9)
Sales, marketing and administrative expenses		**(132.3)**	**(50.8)**	**(183.1)**	(113.6)	(54.1)	(167.7)
Operating profit	3	**91.0**	**(50.8)**	**40.2**	85.4	(54.1)	31.3
Adjusted EBITDA	3	**101.8**	**-**	**101.8**	94.7	-	94.7
Depreciation and amortisation	3	**(10.8)**	**(30.6)**	**(41.4)**	(9.3)	(17.8)	(27.1)
Exceptional items	4	**-**	**(14.0)**	**(14.0)**	-	(32.5)	(32.5)
Share-based payments		**-**	**(6.2)**	**(6.2)**	-	(3.8)	(3.8)
Operating profit	3	**91.0**	**(50.8)**	**40.2**	85.4	(54.1)	31.3
Share of the profit of joint ventures accounted for using the equity method		**0.6**	**-**	**0.6**	0.3	-	0.3
Finance costs	5	**(12.5)**	**-**	**(12.5)**	(12.2)	-	(12.2)
Finance income	5	**0.6**	**-**	**0.6**	0.5	-	0.5
Profit/(loss) before taxation		**79.7**	**(50.8)**	**28.9**	74.0	(54.1)	19.9
Taxation	6	**(17.8)**	**8.9**	**(8.9)**	(18.7)	10.7	(8.0)
Profit from continuing operations		**61.9**	**(41.9)**	**20.0**	55.3	(43.4)	11.9
Discontinued operations							
Profit/(loss) from discontinued operations, net of tax	7	**15.5**	**173.7**	**189.2**	19.6	(13.5)	6.1
Profit for the year		**77.4**	**131.8**	**209.2**	74.9	(56.9)	18.0
Earnings per share (pence)							
Continuing operations							
- Basic	8	**15.5**	**(10.5)**	**5.0**	13.7	(10.8)	2.9
- Diluted	8	**15.3**	**(10.5)**	**4.8**	13.6	(10.8)	2.8
Continuing and discontinued operations							
- Basic	8	**19.3**	**32.9**	**52.2**	18.7	(14.2)	4.5
- Diluted	8	**19.1**	**32.3**	**51.4**	18.6	(14.2)	4.4

*Restated for discontinued operations (see note 7).

Adjusting items are detailed in Note 4.

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Consolidated Statement of Other Comprehensive Income

For the year ended 31 December 2018

		2018			2017		
(£ million)	Note	**Adjusted results**	**Adjusting items**	**Total**	Adjusted results	Adjusting items	Total
Profit for the year		**77.4**	**131.8**	**209.2**	74.9	(56.9)	18.0
Other comprehensive income/(expense)							
Items that may be reclassified subsequently to profit or loss:							
Foreign exchange translation differences recognised in equity		**8.5**	**-**	**8.5**	(22.9)	-	(22.9)
Cumulative currency translation differences on disposals	10	**-**	**2.4**	**2.4**	-	2.4	2.4
Total other comprehensive income/(expense), net of tax		**8.5**	**2.4**	**10.9**	(22.9)	2.4	(20.5)
Total comprehensive income/(expense) for the year		**85.9**	**134.2**	**220.1**	52.0	(54.5)	(2.5)

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Consolidated Statement of Financial Position

As at 31 December 2018

(£ million)	Note	2018	2017
Assets			
Non-current assets			
Goodwill		**505.1**	489.1
Intangible assets		**280.9**	282.6
Property, plant and equipment		**9.2**	11.3
Investments		**6.1**	5.1
Other receivables		**-**	0.3
Deferred tax assets	11	**42.8**	47.1
		844.1	835.5
Current assets			
Inventories		**3.9**	17.8
Trade and other receivables		**114.4**	88.2
Financial assets		**-**	0.1
Cash and cash equivalents	13	**182.0**	45.8
		300.3	151.9
Total assets		**1,144.4**	987.4
Liabilities			
Current liabilities			
Trade and other payables		**81.1**	57.7
Deferred income		**90.6**	118.6
Deferred and contingent consideration	12	**32.3**	47.5
Current tax liabilities		**6.0**	12.1
Provisions		**2.8**	3.2
		212.8	239.1
Non-current liabilities			
Deferred income		**0.6**	3.6
Deferred and contingent consideration	12	**64.4**	50.4
External borrowings	13	**291.8**	317.4
Deferred tax liabilities	11	**24.8**	31.3
Provisions		**3.2**	2.6
		384.8	405.3
Total liabilities		**597.6**	644.4
Net assets		**546.8**	343.0
Equity			
Share capital		**4.0**	4.0
Share premium		**0.5**	0.1
Reserves		**542.3**	338.9
Total equity		**546.8**	343.0

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Consolidated Statement of Changes in Equity

For the year ended 31 December 2018

			Reserves					
(£ million)	**Share capital**	**Share premium**	**Merger reserve**	**Group restructure reserve**	**Translation reserve**	**Treasury share reserve**	**Retained earnings**	**Total equity**
At 1 January 2017	**4.0**	**-**	**9.2**	**157.9**	**(17.4)**	**(0.1)**	**207.8**	**361.4**
Profit for the year	-	-	-	-	-	-	18.0	18.0
Other comprehensive expense	-	-	-	-	(20.5)	-	-	(20.5)
Total comprehensive (expense)/ income	-	-	-	-	(20.5)	-	18.0	(2.5)
Issue of shares	-	0.1	-	-	-	-	–	0.1
Share-based payments	-	-	-	-	-	-	3.6	3.6
Taxation on share-based payments	-	-	-	-	-	-	0.4	0.4
Dividends paid	-	-	-	-	-	-	(20.0)	(20.0)
At 31 December 2017	**4.0**	**0.1**	**9.2**	**157.9**	**(37.9)**	**(0.1)**	**209.8**	**343.0**
Profit for the year	-	-	-	-	-	-	209.2	209.2
Other comprehensive income	-	-	-	-	10.9	-	-	10.9
Total comprehensive income	-	-	-	-	10.9	-	209.2	220.1
Issue of shares	-	0.4	-	-	-	-	-	0.4
Share-based payments	-	-	-	-	-	-	5.7	5.7
Taxation on share-based payments	-	-	-	-	-	-	0.4	0.4
Dividends paid	-	-	-	-	-	-	(22.8)	(22.8)
At 31 December 2018	**4.0**	**0.5**	**9.2**	**157.9**	**(27.0)**	**(0.1)**	**402.3**	**546.8**

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Consolidated Statement of Cash Flows

For the year ended 31 December 2018

(£ million)	Note	**2018**	2017
Cash flow from operating activities			
Profit before taxation on continuing operations		**28.9**	19.9
Profit before taxation on discontinued operations	7	**192.6**	12.8
Adjustments for:			
Amortisation of acquired intangible assets		**33.7**	25.5
Amortisation of software intangible assets		**7.6**	6.1
Depreciation of property, plant and equipment		**3.5**	5.0
(Gain)/ loss on disposal of business operations and investments	10	**(180.6)**	0.9
Acquisition-related employment costs and revaluation of contingent consideration	4	**8.1**	27.7
Share-based payments		**6.5**	4.4
Share of the profit of joint ventures accounted for using the equity method		**(0.6)**	(0.3)
Net finance costs	5	**11.9**	11.7
Cash generated from operations before changes in working capital and provisions		**111.6**	113.7
Changes in:			
Inventories		**2.6**	(1.1)
Trade and other receivables		**(9.7)**	(15.1)
Trade and other payables, net of interest payable		**(26.7)**	7.5
Provisions		**(1.1)**	2.0
Cash generated from operations		**76.7**	107.0
Cash generated from operations before exceptional operating items		**110.1**	121.9
Cash outflows for acquisition-related employment costs	12	**(21.0)**	(8.2)
Cash outflows for other exceptional operating items		**(12.4)**	(6.7)
Cash generated from operations		**76.7**	107.0
Tax paid		**(12.2)**	(7.9)
Net cash generated from operating activities		**64.5**	99.1
Cash flow from investing activities			
Acquisition of businesses net of cash acquired	9	**(97.7)**	(140.9)
Deferred and contingent consideration cash paid in the year	12	**(37.7)**	(15.6)
(Acquisition)/ reduction of investments		**(0.7)**	0.2
Acquisition of software intangibles and property, plant and equipment		**(18.7)**	(11.8)
Disposal of businesses net of cash disposed of	10	**290.0**	48.7
Net cash used in investing activities		**135.2**	(119.4)
Cash flow from financing activities			
Proceeds from external borrowings		**32.4**	58.6
Repayment of external borrowings		**(66.0)**	(25.6)
Proceeds from issue of shares		**0.4**	0.1
Interest paid		**(6.9)**	(5.9)
Dividends paid to shareholders	14	**(22.8)**	(20.0)
Net cash used in financing activities		**(62.9)**	7.2
Net increase in cash and cash equivalents		**136.8**	(13.1)
Cash and cash equivalents at 1 January		**45.8**	61.9
Effect of exchange rate changes		**(0.6)**	(3.0)
Cash and cash equivalents at 31 December		**182.0**	45.8

Notes to the Financial Statements

For the year ended 31 December 2018

1. Basis of preparation and accounting policies

Basis of preparation

The full year announcement for the year ended 31 December 2018, which is an abridged statement of the full Annual Report and Accounts, has been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board and interpretations issued by the IFRS Interpretations Committee, as adopted by the EU, and the Companies Act 2006 applicable to companies reporting under IFRS.

Ascential plc (the “Company”) is a public limited company, which is listed on the London Stock Exchange and incorporated in the United Kingdom. The registered office is located at The Prow, 1 Wilder Walk, London W1B 5AP.

The financial information set out above does not constitute the company's statutory accounts for the years ended 31 December 2018. Statutory accounts for 2017 have been delivered to the registrar of companies, and those for 2018 will be delivered in due course. The auditor has reported on those accounts; their reports were (i) unqualified, (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

The consolidated financial statements are presented in pounds sterling which is the Company’s functional currency, and have been rounded to the nearest one decimal place except where otherwise indicated.

The Directors are confident that on the basis of current financial projections and facilities available, and after considering sensitivities, the Group has sufficient resources for its operational needs and will remain in compliance with the financial covenants in its bank facilities for the foreseeable future.

The Consolidated financial statements have been prepared using consistent accounting policies with those of the previous financial year, with new standards applied in the year as set out below.

The consolidated financial statements have been prepared on a going concern basis and under the historical cost convention, with the exception of items that are required by IFRS to be measured at fair value, principally certain financial instruments.

Accounting developments and changes

IFRS 15 and IFRS 9 have been applied from 1 January 2018. IFRS 16 has been issued and is effective from 1 January 2019. The impact is described below.

IFRS 15 “Revenue from Contracts with Customers”

IFRS 15 is based on the principle that revenue is recognised when control of goods or services is transferred to the customer and provides a single, principle based, five-step model to be applied to all sales contracts. It replaces the separate models for goods, services and construction contracts under current IFRS. It also provides further guidance on the measurement of sales on contracts which have discounts and rebates.

The Group has adopted IFRS 15 using "the retrospective method with practical expedients", meaning the cumulative effect of initially applying the standard is recognised as a restatement at the start of the earliest presented period, i.e. the opening comparative balance sheet at 1 January 2017. The practical expedient applied is that the new standard has only been applied to those contracts that are not considered completed at 1 January 2017. IFRS 15 has had no material impact on continuing operations, but an adjustment has been made to discontinued operations.

The result of our assessment on discontinued operations is a less than 0.2% impact on revenue and a less than 0.1% impact on retained earnings. For discontinued operations, the restatement resulted in a reduction to revenue and cost of sales of £0.9m for the year ended 31 December 2017, with no impact on profit before tax in either period. The effect of this has been reflected in note 7.

IFRS 9 "Financial Instruments"

IFRS 9 applies a forward-looking impairment model that replaces the current applicable incurred loss model. In contrast to the complex and rules based approach of IAS 39, the new hedge accounting requirements provide an improved link to risk management and treasury operations and will be simpler to apply. The adoption of IFRS 9 did not have a material impact on the Group's consolidated results or financial position and does not require a restatement of comparative figures.

The fair value of each category of the Group's financial instruments approximates to their carrying value. Where financial assets and liabilities are measured at fair values the measurement hierarchy, valuation techniques and inputs used are consistent with those used at 31 December 2017. There were no movements between different levels of the fair value hierarchy in the year.

IFRS 16 "Leases"

IFRS 16 is effective from 1 January 2019 and has been adopted from that date. It replaces all existing lease guidance and introduces a single on-balance sheet model for lessee accounting whereby a lessee recognises a right-of use of asset and a lease liability for the obligation to make lease payments. The standard excludes leases of low-value assets and short-term leases. Lessor accounting remains similar to the current IAS 17 guidance.

These changes will be implemented in the financial statements for 2019 with the actual impact of adopting the new standard at 1 January 2019 subject to change until the Group presents its first financial statements that include the date of initial application.

The Group has advanced its assessment of the potential impact on the consolidated financial statements resulting from the application of IFRS 16 and expects the impact not to be significant on profit before tax. The impact of IFRS 16 for the year-ended 31 December 2018 will be finalised and presented as a restatement along with the results for the half year ending 30 June 2019. The current level of operating leases held by the Group is disclosed in Note 15.

2. Critical accounting judgements and estimates

The preparation of these financial statements requires management to exercise judgement in applying the Group's accounting policies. It also requires the use of estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. The actual future outcomes may differ from these estimates and give rise to material adjustments to the reported results and financial position of the Group.

Estimates and underlying assumptions are reviewed on an ongoing basis, with revisions recognised in the year in which the estimates are revised and in any future periods affected. The areas involving a higher degree of judgement or complexity and assumptions or estimation are set out below and in more detail in the related notes.

Critical accounting judgements

Alternative Performance Measures (Note 4)

The Group uses alternative performance measures which are not defined or specified under IFRS and removes adjusting items to present an adjusted result. Adjusting items include amortisation and impairment of acquired intangibles, share-based payments and exceptional items. The classification of exceptional items requires significant management judgement to determine the nature and presentation of such transactions. Exceptional items are those which are considered significant by virtue of their nature, size or incidence. These items are presented as a separate column on the face of the income statement but within their relevant income statement caption. The Board view this as a relevant analysis to assist the reader in their understanding of the underlying performance and financial results of the Group. Note 4 provides an analysis of exceptional items.

Key sources of estimation

Business combinations

Initial recognition of goodwill and intangible assets (Note 9)

Accounting for a business acquisition requires an assessment of the existence, fair value and expected useful economic lives of separable intangible assets such as brands, customer relationships and technology assets at the date of acquisition. The fair value of identifiable assets acquired and liabilities assumed on acquisition is based on a number of estimates, including estimates of future performance of related businesses, as is determining the expected useful economic life of assets acquired. The value attributed to these separable assets affects the amount of goodwill recognised and the value, together with the assessment of useful economic lives, determines future amortisation charges.

Acquired brands are valued using the relief-from-royalty method which requires estimation of future revenues and estimation of a royalty rate that an acquirer would pay in an arm's length licencing arrangement to secure access to the same rights. The theoretical royalty payments are discounted to obtain the cash flows to determine the asset value, which also requires estimation of an appropriate discount rate. A tax amortisation benefit is then applied.

Acquired customer relationships are valued using the multi-period excess earnings method ("MEEM approach") which starts with the total expected income streams for a business or group of assets as a whole and then deducts charges for all the other assets used to generate income. Residual income streams are discounted and a tax amortisation benefit is applied. The method requires estimation of future forecasts of the business and an appropriate discount rate.

Content and technology assets are valued using a depreciated replacement cost method, which requires an estimate of all the costs a typical market participant would incur to generate an exact replica of the intangibles asset in the context of the acquired business. The depreciated replacement cost method takes into account factors including economic and technological obsolescence.

In establishing the fair value and useful economic lives, the Group considers, for each acquisition and each asset or liability, the complexity of the calculations, the sources of estimation uncertainty and the risk of such estimations resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Details of those estimations that have a significant risk and the at-risk assets/ liabilities are disclosed as appropriate in note 9; the significance of the risk will depend on the size of the acquisition. Such sources of estimation uncertainty include estimation of future cash flows, the determined weighted average cost of capital and estimated useful lives.

Valuation of contingent consideration and acquisition-related employment costs (Note 12)
Where a business combination agreement provides for an adjustment to the consideration, contingent on future performance over the contractual earn-out period, the Group accrues the fair value, based of the estimated additional consideration payable as a liability at acquisition date. To the extent that deferred contingent consideration is payable as part of the acquisition cost and is payable after one year from the acquisition date, the deferred consideration is discounted at an appropriate discount rate and carried at net present value in the consolidated balance sheet. The liability is measured against the contractually agreed performance targets at each subsequent reporting date with any adjustments recognised in the consolidated income statement.

Acquisition-related employment costs are contingent on future performance of the acquired business and linked to continued employment of the founders over the contractual agreed period. They are treated as an expense and recognised as such in the consolidated income statement.

The estimation of the likely liability requires the Group to make judgements concerning the future performance of related business over both the deferred contingent consideration period and the period of employment.

Taxation (Note 11)
Deferred tax assets are recognised to the extent that their utilisation is probable. The utilisation of deferred tax assets will depend on the judgement whether it is more likely than not that the Group will generate sufficient and suitable taxable income of the correct type and jurisdiction in the future, taking into account any restrictions on the length of the loss-carry forward period. Various factors are used to assess the probability of the future utilisation of deferred tax assets, including past operating results, operational plans and loss-carry forward periods. In particular, utilisation of our US tax losses is subject to a limitation triggered by change of control rules in the US and this limitation is driven by the valuation of the US business at the point of change in control. This is a key judgement area which remains uncertain until it is agreed with the tax authorities.

3. Operating segments

Following the sale of the Exhibitions Business in July 2018, the Group changed from two to four reportable segments as the information presented to the Board (Chief Operating Decision Maker) on a monthly basis changed. End market risk and opportunities vary and capital allocation decisions are made on the basis of four reportable segments. The four reportable segments are Product Design, Marketing, Sales and Built Environment & Policy. The reportable segments offer different products and services, and are managed separately as a result of different capabilities, technology, marketing strategies and end market risks and opportunities. The following summary describes the operations in each of the Group's reportable segments:

- Product Design: global trend forecasting and insight (WGSN)

- Marketing: global creative benchmark, effectiveness measurement and strategic advisory (Cannes Lions, WARC, MediaLink)
- Sales: global ecommerce data, analytics and managed services, Fintech and retail intelligence (Edge, Flywheel Digital, Money20/20, RWRC)
- Built Environment & Policy: Political, construction and environment intelligence brands (Groundsure, Glenigan, DeHavilland)
- Discontinued operations:
  - In 2018 (with 2017 profit or loss comparatives restated): the Exhibitions business which was previously part of the Exhibitions & Festivals segment and which was identified as a separate cash generating unit following the announcement of its strategic review in February 2018. The Exhibitions business was sold on 17 July 2018 (see note 7).
  - In 2017: the 13 Heritage brands which were all sold in 2017.

Information regarding the results of each reportable segment is included below and restated for prior periods to enhance comparability. Reportable segment profits are measured at an adjusted operating profit level, representing reportable segment Adjusted EBITDA, less depreciation costs and amortisation in respect of software intangibles, without allocation of Corporate costs as reported in the internal management reports that are reviewed by the Board. Reportable segment Adjusted EBITDA and reportable segment Adjusted operating profit are used to measure performance as management believes that such information is the most relevant in evaluating the results of the reportable segments relative to other comparable entities. Total assets and liabilities for each reportable segment are not disclosed because they are not provided to the Board on a regular basis. Total assets and liabilities are internally reviewed on a Group basis.

Year ended 31 December 2018

(£ million)	Product Design	Marketing	Sales	Built Environment & Policy	Corporate costs*	Continuing operations total	Discontinued operations	Total
Revenue	77.8	116.3	120.9	34.3	(0.8)	348.5	54.6	403.1
Adjusted EBITDA	28.1	38.9	36.9	14.0	(16.1)	101.8	19.8	121.6
Depreciation and software amortisation	(1.8)	(4.1)	(2.1)	(0.5)	(2.3)	(10.8)	(0.3)	(11.1)
Adjusted operating profit	26.3	34.8	34.8	13.5	(18.4)	**91.0**	**19.5**	**110.5**
Amortisation of acquired intangible assets						**(30.6)**	**(3.1)**	(33.7)
Exceptional items						(14.0)	176.5	162.5
Share-based payments						(6.2)	(0.3)	(6.5)
Operating profit						**40.2**	192.6	232.8
Share of net loss in equity-accounted investee						0.6	-	0.6
Finance costs						(12.5)		(12.5)
Finance income						0.6	-	0.6
Profit before tax						**28.9**	**192.6**	**221.5**

*Corporate costs include a £0.8m elimination for intercompany trading.

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Year ended 31 December 2017, Restated*

(£ million)	Product Design	Marketing	Sales	Built Environment & Policy	Corporate costs	Continuing operations total	Discontinued operations	Total
Revenue	73.6	110.6	78.0	30.7	-	292.9	105.8	398.7
Adjusted EBITDA	22.5	48.1	29.3	9.1	(14.3)	94.7	25.9	120.6
Depreciation and software amortisation	(2.3)	(3.9)	(1.0)	(0.6)	(1.5)	(9.3)	(1.8)	(11.1)
Adjusted operating profit	20.2	44.2	28.3	8.5	(15.8)	**85.4**	**24.1**	**109.5**
Amortisation of acquired intangible assets						(17.8)	(7.7)	(25.5)
Exceptional items						(32.5)	(3.0)	(35.5)
Share-based payments						(3.8)	(0.6)	(4.4)
Operating profit						**31.3**	**12.8**	**44.1**
Share of net loss in equity-accounted investee						0.3	-	0.3
Finance costs						(12.2)	-	(12.2)
Finance income						0.5	-	0.5
Profit before tax						**19.9**	**12.8**	**32.7**

*Restated for new operating segments, and Discontinued operations (see note 7) and IFRS 15 (see note 1).

Exceptional items of £14.0 million (2017: £32.5 million) include £0.3 million (2017: £0.3 million), £1.3 million income (2017: £11.3 million), £14.7 million (2017: £20.3 million) and £0.3 million (2017: £0.6 million) which are attributable to Product Design, Marketing, Sales and Corporate costs respectively. Finance costs and finance income are not allocated to segments, as these types of activity are driven by the Group corporate function.

Revenue and non-current assets by location

Revenue from continuing operations is based on the location of customers. Non-current assets analysis (excluding deferred tax and financial instruments) is based on geographical location. The Group does not have any customers from whom revenue exceeds 10% of total revenue. Included in revenue is barter revenue arising from the exchange of goods or services of £0.9 million for the year ended 31 December 2018 (2017: £0.5 million).

	Revenue		Non-current assets (excluding deferred tax and financial instruments)	
(£ million)	**2018**	2017	**2018**	2017
United Kingdom	**81.0**	62.4	**377.2**	436.9
Other Europe	**56.1**	49.3	**103.5**	113.7
United States and Canada	**149.0**	126.3	**313.4**	227.0
Asia Pacific	**40.1**	30.0	**5.3**	4.8
Middle East and Africa	**8.4**	10.7	**-**	-
Latin America	**13.9**	14.2	**1.9**	6.0
Total	**348.5**	292.9	**801.3**	788.4

Additional segmental information on revenue
The Group's revenue is derived from contracts with customers, and the nature and effect of initially applying IFRS 15 is disclosed in Note 1.

The following table shows revenue disaggregated by major service lines, and the timing of revenue recognition:

(£ million)	Timing of revenue recognition	2018	2017
Subscriptions	Over time	**72.9**	69.6
Advisory	Over time	**4.6**	3.7
Transactions	Point in time	**0.3**	0.3
Product Design		**77.8**	73.6
Delegates	Point in time	**22.0**	27.3
Stand Space	Point in time	**0.9**	1.2
Sponsorship	Point in time	**9.0**	8.2
Award entries	Point in time	**24.7**	28.8
Subscriptions	Over time	**8.7**	2.3
Advisory	Over time	**47.6**	40.5
Other	Point in time	**3.4**	2.3
Marketing		**116.3**	110.6
Delegates	Point in time	**36.7**	28.6
Stand Space	Point in time	**16.8**	11.0
Sponsorship	Point in time	**11.3**	9.0
Subscriptions	Over time	**44.6**	23.6
Marketing Services	Over time	**2.7**	2.7
Advisory	Over time	**4.3**	2.7
Managed services	Over time	**4.1**	-
Other	Point in time	**0.4**	0.4
Sales		**120.9**	78.0
Subscriptions	Over time	**14.3**	12.9
Advisory	Over time	**1.0**	0.3
Transactions	Point in time	**18.7**	17.3
Other	Point in time	**0.3**	0.2
Built Environment and Policy		**34.3**	30.7
Intercompany sales		(0.8)	-
Revenue from continuing operations		**348.5**	292.9

Contract balances
The following table provides information about receivables, contract assets and contract liabilities from contracts with customers:

(£ million)	2018	2017
Receivables, which are included in "Trade and other receivables"	**64.2**	67.6
Contract assets - accrued income	**7.4**	4.8
Contract liabilities – deferred income	**91.5**	122.2

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4. Exceptional items

Exceptional items included in operating profit from continuing operations

(£ million)	2018	2017
Acquisition-related expenses	**8.1**	27.7
Acquisition transaction and integration costs	**5.9**	4.6
IPO expenditure and other	**-**	0.2
Exceptional items included in profit from continuing operations	**14.0**	32.5

Acquisition-related expenses include payments agreed as part of the acquisition but linked to ongoing employment
of £13.3 million (2017: £26.6 million) offset by revaluation of contingent consideration of £5.2 million (2017: £1.1 million charge).

Acquisition-related employment costs relate primarily to the acquisitions of One Click Retail, MediaLink, Clavis and Flywheel Digital, which, absent the link to continued employment, would have been treated as consideration. Under the sale and purchase agreements between 25% and 50% of deferred payments are contingent on both (i) the results of the business in the post-acquisition period and (ii) the continued employment of the founders.

As part of the overall strategy of managing the Group's portfolio, costs incurred as part of the acquisition and integration of acquired businesses are considered to be material. In 2018 integration costs relate mainly to Edge. Acquisitions transaction costs include directly linked transaction costs as well as stamp duty where applicable. Integration spend is in relation to transferring acquired businesses onto the Group's IT and revenue platforms., merging of products and rebranding.

5. Finance income and finance costs

(£ million)	2018	2017
Interest on bank deposits	**0.6**	0.2
Foreign exchange gain on borrowings	**-**	0.3
Finance income	**0.6**	0.5
Interest payable on external borrowings	**(7.1)**	(5.8)
Amortisation of loan arrangement fees	**(1.2)**	(1.3)
Foreign exchange loss on cash and cash equivalents	**(0.6)**	(0.8)
Discount unwind on contingent and deferred consideration	**(3.6)**	(4.3)
Finance costs	**(12.5)**	(12.2)
Net finance costs from continuing operations	**(11.9)**	(11.7)

6. Taxation

The tax charge for the year comprises:

(£ million)	2018	2017
Current tax		
UK current tax charge on income for the year at 19.0% (2017: 19.25%)	**6.5**	5.0
Overseas current tax charge on income for the year	**2.2**	2.9
Adjustments in respect of prior years	**(1.9)**	-
Total current tax charge	**6.8**	7.9
Deferred tax		
Current year	**1.2**	(16.5)
Adjustments in respect of prior years	**0.9**	(0.3)
Impact of rate changes on opening deferred tax balances	**-**	16.9
Total deferred tax charge	**2.1**	0.1
Total tax charge from continuing operations	**8.9**	8.0

During 2018 a deferred tax credit of £0.4 million (2017: £0.4 million) was recognised in equity relating to share-based payments.

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The difference between the tax as credited in the consolidated income statement for the continuing operations and tax at the UK standard rate is reconciled below:

	2018			2017		
(£ million)	**Adjusted profit/ tax**	**Loss on Adjusting items/tax**	**Total profit / tax from continuing operations***	Adjusted profit/ tax	Loss on Adjusting items/tax	Total profit / tax from continuing operations*
Profit before tax	**79.7**	**(50.8)**	**28.9**	74.0	(54.1)	19.9
Expected tax charge/(credit) at the UK standard rate of 19.0% (2017: 19.25%)	**15.1**	**(9.7)**	**5.4**	14.2	(10.4)	3.8
Principal differences due to:						
Impact of rate changes	**-**	**-**	**-**	10.8	6.8	17.6
Impact of higher/(lower) overseas tax rates	**3.3**	**(1.6)**	**1.7**	7.4	(8.3)	(0.9)
Trading losses not recognised for deferred tax purposes	**1.1**	**-**	**1.1**	-	-	-
Recognition of previously unrecognised trading losses	**(1.5)**	**-**	**(1.5)**	(12.7)	-	(12.7)
Recognition of previously unrecognised capital losses	**-**	**-**	**-**	-	0.1	0.1
Non-deductible legal, professional and M&A costs	**0.8**	**1.4**	**2.2**	-	0.6	0.6
Non-deductible share based payments expense	**-**	**0.4**	**0.4**	-	0.5	0.5
Other non-deductible items	**0.6**	**-**	**0.6**	0.1	-	0.1
Non-taxable/deductible exchange (gains)/losses	**-**	**-**	**-**	(0.4)	-	(0.4)
Non-taxable/deductible disposal (gains)/losses	**-**	**-**	**-**	(0.4)	-	(0.4)
Adjustments in respect of prior years	**(1.6)**	**0.6**	**(1.0)**	(0.3)	-	(0.3)
Total tax charge/(credit) for the year	**17.8**	**(8.9)**	**8.9**	18.7	(10.7)	8.0
Effective tax rate	**22%**	**18%**	**31%**	25%	20%	40%

* Tax on discontinued operations is set out in Note 7

The Group's effective tax rate is higher than the UK's statutory tax rate mainly due to its mix of profits with increased profits coming from the US.

The impact of rate changes in the prior year arose from the enactment of US tax reform on 22 December 2017 and the continuing reduction of the UK tax rate. The tax rate change included £17.2 million in respect of the US and £0.4 million for the UK.

The Group is subject to many different forms of taxation including, but not limited to, income and corporation tax, withholding tax and value added and sales taxes. The Group has operations in 15 countries and multiple states in the US and sells its products and services into more than 100 countries. Furthermore, the Group renders and receives cross-border supplies and services in respect of affiliated entities which exposes the Group to tax risk due to transfer pricing rules that apply in many jurisdictions.

Tax law and administration is complex and often requires subjective determinations. In addition, tax audits by their nature, can take a significant period of time to be agreed with the tax authorities. Therefore,

management is required to apply judgement to determine the level of provisions required in respect of its tax liabilities. The Directors' estimates of the level of risk arising from tax audit may change in the next year as a result of changes in legislation or tax authority practice or correspondence with tax authorities during specific tax audits. It is not possible to quantify the impact that such future developments may have on the Group's tax positions. Actual outcomes and settlements may differ from the estimates recorded in these consolidated financial statements. The Group currently anticipates that the outcome of these uncertainties will only be resolved after more than one year. However even where uncertainties may not be resolved within one year, material adjustments may arise as a result of a reappraisal of the assets or liabilities within the next year.

7. Discontinued operations

Ascential's Exhibitions business was previously part of the Exhibitions & Festivals segment and was classified as a discontinued operation in accordance with IFRS 5 "Non-current assets held for sale and discontinued operations" following the announcement of the strategic review in February 2018. The Exhibitions business was sold on 17 July 2018. The prior period also includes the results of the 13 Heritage brands which were discontinued and sold in 2017.

The results of the discontinued operations which have been included in the consolidated statement of profit and loss are as follows:

		2018			Restated* 2017		
(£ million)	Note	**Adjusted results**	**Adjusting items**	**Total**	Adjusted results	Adjusting items	Total
Revenue		**54.6**	**-**	**54.6**	105.8	-	105.8
Cost of sales		**(21.4)**	**-**	**(21.4)**	(42.2)	-	(42.2)
Sales, marketing and administrative expenses		**(13.7)**	**169.3**	**155.6**	(39.5)	(11.3)	(50.8)
Operating profit/(loss)		**19.5**	**169.3**	**188.8**	24.1	(11.3)	12.8
Adjusted EBITDA		**19.8**	**-**	**19.8**	25.9	-	25.9
Depreciation and amortisation		**(0.3)**	**(3.1)**	**(3.4)**	(1.8)	(7.7)	(9.5)
Exceptional items		**-**	**176.5**	**176.5**	-	(3.0)	(3.0)
Share-based payments		**-**	**(0.3)**	**(0.3)**	-	(0.6)	(0.6)
Operating profit/(loss)		**19.5**	**173.1**	**192.6**	24.1	(11.3)	12.8
Taxation		**(4.0)**	**0.6**	**(3.4)**	(4.5)	(2.2)	(6.7)
Profit/(loss) from discontinued operations, net of tax		**15.5**	**173.7**	**189.2**	19.6	(13.5)	6.1
Earnings per share (pence)							
- Basic	8	**3.8**	**43.4**	**47.2**	5.0	(3.4)	1.6
- Diluted	8	**3.8**	**42.8**	**46.6**	5.0	(3.4)	1.6

* Revenue and cost of sales have been restated for IFRS 15 (see note 1). There is no impact on opening balance sheet, net profit, or basic or diluted EPS.

Exceptional items in discontinued operations of £176.5 million includes the gain on disposal of the Exhibitions business of £180.6 million offset by £3.6 million of separation expenses related the Exhibitions disposal, £0.3m revaluation of contingent consideration on discontinued operations and £0.2 million of other items related to the disposal of Heritage Brands in the prior year. The prior year includes a restatement for the £1.8 million loss on disposal, which was reported as continuing exceptional items in the prior year.

During the year discontinued operations generated cash of £2.0 million (2017: £4.1 million) in respect of operating activities and generated £nil (2017: £nil) in respect of investing activities.

8. Earnings per share

Basic earnings per share is calculated by dividing the net profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year. Diluted earnings per share is calculated by dividing the net profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all dilutive potential ordinary shares into ordinary shares.

Earnings per share have been calculated with respect to the net profit for the year for the Group, the continuing operations and the discontinued operations (Note 7).

	2018			2017		
	Adjusted results	**Adjusting items**	**Total**	Adjusted results	Adjusting items	Total
Profit attributable to equity shareholders of the Company (£ million)						
Profit for the year – continuing operations	**61.9**	**(41.9)**	**20.0**	55.3	(43.4)	11.9
Profit for the year – discontinued operations	**15.5**	**173.7**	**189.2**	19.6	(13.5)	6.1
Profit for the year	**77.4**	**131.8**	**209.2**	74.9	(56.9)	18.0
Share number (million)						
Basic weighted average number of shares	**400.3**	**400.3**	**400.3**	400.1	400.1	400.1
Dilutive potential ordinary shares	**5.2**	**5.2**	**5.2**	2.2	2.2	2.2
Diluted weighted average number of shares	**405.5**	**405.5**	**405.5**	402.3	402.3	402.3
Earnings per share (pence)						
Basic earnings per share	**19.3**	**32.9**	**52.2**	18.7	(14.2)	4.5
Diluted earnings per share	**19.1**	**32.3**	**51.4**	18.6	(14.2)	4.4
Continuing operations						
Basic earnings per share	**15.5**	**(10.5)**	**5.0**	13.7	(10.8)	2.9
Diluted earnings per share	**15.3**	**(10.5)**	**4.8**	13.6	(10.8)	2.8
Discontinued operations						
Basic earnings per share	**3.8**	**43.4**	**47.2**	5.0	(3.4)	1.6
Diluted earnings per share	**3.8**	**42.8**	**46.6**	5.0	(3.4)	1.6

9. Business combinations

The Group acquired the following businesses during the years ended 31 December 2018 and 2017:

Name	Date of acquisition	Country of incorporation	Shares / asset deal	% acquired	Acquisition-related costs (£'m)
Marketing					
Media Link, LLC*	28 February 2017	USA	Shares	100%	0.9
Siberia LLC*	18 September 2017	USA	Shares	100%	0.1
WARC Limited ("WARC")	2 July 2018	UK	Shares	100%	0.8
Product design					
Sistema UseFashion Comercio de Informacoes Ltda*	29 November 2017	Brazil	Shares	100%	0.3
Sales					
Clavis Technology Limited ("Clavis")*	22 December 2017	Ireland	Shares	100%	2.3
ePossibilities Global Holdings Limited ("BrandView")	31 August 2018	UK	Shares	100%	0.8
Peloton Holdings, LLC ("Flywheel Digital")	31 October 2018	USA	Shares	100%	1.0

*The details of the prior year acquisitions are set out in the 2017 annual report. In the current year a £0.9 million completion statement receipt was received in relation to the prior year Clavis acquisition, which resulted in a £0.9 million increase in Goodwill in Edge.

2018 acquisitions

The following table sets out the key information relating to the businesses acquired in 2018:

	WARC	BrandView	Flywheel Digital
Primary Activity	Digital subscription business on marketing effectiveness.	Price and Promotion analytics to retailers and manufacturers.	Managed services to consumer product companies trading on Amazon.
Segment	Marketing	Sales	Sales
i) Deferred, contingent consideration:			
Contingent on results in financial years:	-	2019	2019-2021
Payable in:	-	2019	2020-2022
Estimated undiscounted amount	-	£5.0 million	£43.2/$55.3 million
Estimated discounted amount*	-	£5.0 million	£34.6/$44.2 million
Deferred consideration payable in:	2019	-	-
Estimated undiscounted amount	£4.5 million	-	-
Estimated discounted amount*	£4.5 million	-	-
ii) Acquisition related employment payments:			
Contingent on results in financial years:	-	-	2019-2021
Payable in:	-	-	2020-2022
Estimated undiscounted amount	-	-	£14.3/$18.4 million
Exceptional cost related to acquisition related employment cost in 2018**	-	-	£1.5 million
Maximum total consideration payable**	£29.5 million	£38.0 million	£310/$400 million
Anticipated total discounted consideration (i and ii)	£4.5 million	£5.0 million	£36.1 million

*Consideration payable within one year is not discounted as explained under note 1.

**The acquisition-related employment cost is accrued over the period in which the related services are received, recorded as exceptional costs.

***Includes i) Deferred, contingent consideration; ii) Acquisition related employment payments; and iii) initial consideration per the goodwill calculation table below

To determine the estimated contingent consideration and the acquisition-related employment cost figures quoted above, the Directors are required to make an estimate regarding the future results. Any subsequent revaluations to contingent consideration as a result of changes in such estimations are recognised in the consolidated income statement and disclosed in Note 12.

From the date of acquisition, the businesses acquired in 2018 contributed £14.6m revenue and £4.3m EBITDA. If the acquisitions had taken place at the beginning of 2018, the business would have contributed £42.3m revenue and £11.0m EBITDA.

The fair values of the identifiable assets purchased and liabilities assumed of the acquired companies as at the date of acquisition were as follows:

£ million	WARC	BrandView	Clavis purchase price allocation finalisation	Flywheel Digital*	Total
Brands	1.8	0.2	-	6.2	**8.2**
Customer relationships	8.9	10.4	-	25.6	**44.9**
Content	9.4	-	-	5.2	**14.6**
Technology	1.1	6.8	-	1.4	**9.3**
Property, plant and equipment	0.6	0.4	-	0.6	**1.6**
Trade and other receivables	2.8	2.9	(3.2)	30.0	**32.5**
Cash	5.1	0.6	-	2.2	**7.9**
Trade and other payables	(1.1)	(1.6)	0.5	(23.0)	**(25.2)**
Provisions	(0.3)	(0.1)	(0.5)	-	**(0.9)**
Deferred income	(6.0)	(3.4)	1.4	(0.9)	**(8.9)**
Deferred tax liability	(3.6)	(3.0)	-	-	**(6.6)**
Total identifiable net assets at fair value	18.7	13.2	(1.8)	47.3	**77.4**
Initial cash consideration relating to business combination	25.0	29.8	-	51.7	**106.5**
Completion statement cash receipt	-	-	(0.9)	-	**(0.9)**
Working capital adjustment payable/ (receivable) in 2019	(0.2)	-		1.2	**1.0**
Contingent consideration payable in 2019	-	5.0	-	-	**5.0**
Deferred consideration payable in 2019	4.5	-	-	-	**4.5**
Deferred and contingent consideration payable in 2020-2022	-	-		33.8	**33.8**
Total consideration	29.3	34.8	(0.9)	86.7	**149.9**
Goodwill on acquisition	10.6	21.6	0.9	39.4	**72.5**
Cash flow					
Acquisition of businesses (net of cash acquired)	19.9	29.2	(0.9)	49.5	**97.7**

*The fair values provided for Flywheel Digital are provisional figures, being the best estimates currently available due to the proximity of the acquisition date to year-end. A review of the closing balance sheet is currently being undertaken and adjustments may be necessary.

The goodwill of £72.5 million arising on acquisitions is attributable to workforce in place and the acquisition of new customers, know-how within the business and with specific regard to WARC the buyer specific synergies on accessing capabilities and insight on the current marketing proposition by combining existing creative excellence insights with deep expertise of measuring marketing effectiveness. The combining of the creative insight and the measuring of marketing effectiveness strengthens the already available digital offering in the form of a combined subscription product. With specific regard to Flywheel Digital, the know how relates to the knowledge within the workforce on how to use the technology and the content to good effect. In BrandView, the goodwill is attributable to workforce in place and the acquisition of new customers. Goodwill amounting to £39.4 million (207: £62.1 million) is expected to be deductible for tax purposes.

10. Disposal of business operations

On 17th July 2018 the Group disposed of the Exhibitions Business. The Group recognised a total gain on disposal of £180.6 million presented as an exceptional item within discontinued operations.

Exceptional items in discontinued operations (note 7) of £176.5 million includes the gain on disposal of the Exhibitions business of £180.6 million offset by £3.6 million of separation expenses related the Exhibitions disposal, £0.3m revaluation of contingent consideration on discontinued operations and £0.2 million of other items related to the disposal of Heritage Brands in the prior year.

2017 results have been restated to report the loss on disposal of £1.8 million within discontinued operations (note 7).

(£ million)	2018
Gross proceeds	297.8
Working capital adjustment	2.6
Cash and cash equivalents disposed of	(4.0)
Total proceeds	**296.4**
Net assets disposed of	(106.3)
Disposal costs	(7.1)
Recycling of deferred foreign exchange gains	(2.4)
Gain on disposal from discontinued operations	**180.6**

Assets and liabilities disposed of:

(£ million)	2018
Goodwill*	67.3
Investments	0.2
Brands, customer relationships and databases	59.2
Tangible fixed assets including software	2.9
Deferred tax asset	0.8
Trade and other receivables	28.4
Trade and other payables	(41.9)
Provisions	(0.5)
Deferred tax liability on disposed intangibles	(10.1)
Net assets and liabilities disposed	**106.3**

* As a result of the disposal of the Exhibitions Business, the Exhibitions & Festivals segment was split up and required historical goodwill to be allocated between Cannes Lions and Exhibitions. In line with IAS 36, the Group determined that the most appropriate allocation method was the relative valuation of each business. For the Exhibitions Business this was the consideration received of £297.8 million and for Cannes Lions the most recent value-in-use calculation for the annual impairment review was used and an external valuation specialist reviewed the assumptions used in the value-in use calculation.

The net inflow/(outflow) of cash in respect of the disposal of businesses is as follows:

(£ million)	2018
Cash proceeds received for current year disposals (net of cash disposed of)	296.4
Disposal costs paid	(6.4)
Net cash inflow	**290.0**

11. Deferred tax assets and liabilities

The deferred tax balances shown in the consolidated balance sheet are analysed as follows:

(£ million)	2018	2017
Deferred tax assets	**42.8**	47.1
Deferred tax liabilities	**(24.8)**	(31.3)
Total	**18.0**	15.8

The major deferred tax assets and liabilities recognised by the Group, and the movements in the period, are set out below:

(£ million)	Non-deductible intangible assets	US deductible intangible assets	Share-based payments	Property, plant and equipment	Tax losses	Other	Total
At 1 January 2017	(30.3)	12.5	0.2	9.9	32.2	0.1	24.6
Credit/(charge) to the consolidated income statement for the year	2.9	9.7	0.3	(0.9)	2.6	-	14.6
Credit to equity	-	-	0.4	-	-	-	0.4
Adjustments in respect of prior years	-	-	-	0.1	0.3	-	0.4
Impact of rate changes	0.6	(7.4)	-	-	(10.1)	-	(16.9)
Acquisitions	(5.3)	-	-	-	-	-	(5.3)
Disposals	0.8	-	-	(0.1)	-	-	0.7
Foreign exchange movements	-	(1.2)	-	-	(1.5)	-	(2.7)
At 31 December 2017	**(31.3)**	**13.6**	**0.9**	**9.0**	**23.5**	**0.1**	**15.8**
Credit/(charge) to the consolidated income statement for the year*	3.6	(2.8)	0.8	(0.9)	(1.6)	-	(0.9)
Credit to equity	-	-	0.4	-	-	-	0.4
Adjustments in respect of prior years	(0.6)	-	0.1	(0.2)	(1.3)	1.0	(1.0)
Acquisitions	(6.8)	-	-	-	-	-	(6.8)
Disposals	10.1	-	(0.1)	(0.7)	-	-	9.3
Foreign exchange movements	0.2	0.2	-	-	0.8	-	1.2
At 31 December 2018	**(24.8)**	**11.0**	**2.1**	**7.2**	**21.4**	**1.1**	**18.0**

* The above charge to the consolidated income statement for the year includes a credit of £0.3 million in respect of discontinued operations.

The above deferred tax balances are expected to reverse:

(£ million)	Non-deductible intangible assets	US deductible intangible assets	Share-based payments	Property plant and equipment	Tax losses	Other	Total
Within 12 months	**(3.1)**	**3.7**	**0.7**	**0.7**	**6.2**	**-**	**8.2**
After 12 months	**(21.7)**	**7.3**	**1.4**	**6.5**	**15.2**	**1.1**	**9.8**
Total	**(24.8)**	**11.0**	**2.1**	**7.2**	**21.4**	**1.1**	**18.0**

In presenting its deferred tax balances, the Group does not offset assets and liabilities as the Group has no legally enforceable right to set off the arising current tax liabilities and assets when those deferred tax balances reverse.

No deferred tax liability has been recognised in respect of temporary differences associated with investments in subsidiaries and joint ventures as the Group is in a position to control the timing of their reversal and it is probable that such differences will not reverse in the foreseeable future.

The prior year movement includes the impact of the US tax rate change from 35% to 21% with effect for periods beginning after 31 December 2017. This resulted in a revaluation of US deferred tax assets and liabilities and an overall reduction of £16.6m in the prior year. For the current year, the US deferred tax assets and liabilities remained valued using the Federal rate of 21% and where applicable the effective State tax rate of 5%.

US deductible intangible assets represents the value of deferred tax assets on US tax deductible intangibles and deferred consideration. These deferred tax assets are recognised at a blended US Federal and State tax rate of 26%.

Non-deductible intangibles represent the value of the deferred tax liability which arises on the fair value of acquired intangibles which are not deductible for tax purposes. The liability is valued at the tax rate applicable to the jurisdiction where the intangibles are located.

Deferred tax assets have been recognised on the basis that sufficient taxable profits are forecast to be available in the future to enable them to be utilised.

At 31 December 2018, the Group has the following tax losses:

(£ million)	**Recognised 2018**	Recognised 2017	**Unrecognised 2018**	Unrecognised 2017	**Total 2018**	Total 2017
US net operating losses	**71.3**	66.0	**127.0**	127.1	**198.3**	193.1
UK non-trading losses	**36.3**	54.1	**-**	-	**36.3**	54.1
Irish trading losses	**-**	-	**18.3**	16.4	**18.3**	16.4
UK capital losses	**-**	-	**114.9**	115.1	**114.9**	115.1
Other Rest of World losses	**-**	-	**3.9**	-	**3.9**	-
Total	**107.6**	120.1	**264.1**	258.6	**371.7**	378.7

The above losses represent the following value at tax rates applicable at the balance sheet date:

(£ million)	**Recognised 2018**	Recognised 2017	**Unrecognised 2018**	Unrecognised 2017	**Total 2018**	Total 2017
US net operating losses	**15.0**	13.8	**26.7**	26.7	**41.7**	40.5
UK non-trading losses	**6.4**	9.7	**-**	-	**6.4**	9.7
Irish trading losses	**-**	-	**2.3**	2.1	**2.3**	2.1
UK capital losses	**-**	-	**19.5**	19.6	**19.5**	19.6
Other Rest of World losses	**-**	-	**1.1**	-	**1.1**	-
Total	**21.4**	23.5	**49.6**	48.4	**71.0**	71.9

The Group has tax losses in the US totalling £198.3 million carried forward at 31 December 2018 (2017: £193.1 million). It has been agreed with the US tax authorities that these losses are available to offset against taxable profits subject to a restriction following the change of ownership that was deemed to have occurred upon the listing of Ascential plc in 2016. In line with the US tax rules, the restriction of losses is, to a large extent, based on the valuation of the US tax group at the change of control date and this will be agreed with the US tax authorities in due course. The valuation of the US tax group is therefore a source of estimation and an external valuation was commissioned in 2017 to support the Group's position. The recognised deferred tax asset is sensitive to a change in this valuation. The Board expects the deferred tax asset to be recovered over a number of years and considers it to be unlikely that there will be a consequential change in the estimates made that would lead to a material movement in the asset in the next 12 months.

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12. Deferred and contingent consideration

The Group has liabilities in respect of deferred and contingent consideration payments under various business acquisition contracts.

(£ million)	Note	Sales	Marketing	Product design	Total	Level 3
At 1 January 2017		**66.8**	**-**	**4.0**	**70.8**	**51.0**
Additions		11.4	14.2	0.8	26.4	21.2
Acquisition–related employment costs accrued in the year	4	17.2	9.4	-	26.6	-
Revaluation of contingent consideration recognised in the consolidated income statement	4	0.4	0.7	-	1.1	1.1
Discount unwind on contingent and deferred consideration	5	3.3	1.0	-	4.3	4.3
Acquisition–related employment cash paid in year		(8.2)	-	-	(8.2)	-
Deferred and contingent consideration cash paid in the year		(12.1)	-	(3.5)	(15.6)	(13.1)
Effect of movements in exchange rates		(5.7)	(1.6)	(0.2)	(7.5)	(5.1)
At 31 December 2017		**73.1**	**23.7**	**1.1**	**97.9**	**59.4**
Additions		38.8	4.5	0.1	43.4	33.8
Acquisition–related employment costs accrued in the year	4	11.7	1.6	-	13.3	-
Revaluation of contingent consideration recognised in the consolidated income statement	4	(1.2)	(4.0)	0.3	(4.9)	(4.9)
Discount unwind on contingent and deferred consideration	5	2.8	0.8	-	3.6	3.6
Acquisition–related employment cash paid in year		(16.4)	(4.6)	-	(21.0)	-
Deferred and contingent consideration cash paid in the year		(32.4)	(4.6)	(0.7)	(37.7)	(33.4)
Effect of movements in exchange rates		1.8	0.7	(0.2)	2.3	1.4
Disposal of business		-	-	(0.2)	(0.2)	(0.2)
At 31 December 2018		**78.2**	**18.1**	**0.4**	**96.7**	**59.7**

(£ million)	2018	2017
Current	**32.3**	47.5
Non-current	**64.4**	50.4
Total	**96.7**	97.9

The total deferred and contingent consideration balance of £96.7 million (2017: £97.9 million) includes £59.7 million (2017: £59.4 million) which is categorised as Level 3 in the fair value hierarchy. The significant unobservable inputs used in the fair value measurements are the determined weighted average cost of capital and the forecast future profits, billings or revenue of the acquired businesses. The Group three-year plan used to forecast future profits is approved by the board and assessed against market consensus on a regular basis. For details of deferred and contingent consideration on current and comparative year acquisitions refer to Note 9.

The Directors consider that the carrying amount of deferred and contingent consideration of £96.7 million (2017: £97.9 million) approximate their fair value.

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13. Borrowings

The maturity profile of the Group's borrowings, all of which are secured loans, was as follows:

(£ million)	2018	2017
Non-current		
Two to five years	**291.8**	317.4
Total borrowings	**291.8**	317.4

Borrowings are shown net of unamortised issue costs of £2.3 million (2017: £3.3 million). The carrying amounts of borrowings approximate their fair value.

Reconciliation of movement in net debt

(£ million)	Cash	Cash in transit	Short-term deposits	Interest rate cap	Borrowings	Net debt
At 1 January 2017	**39.1**	**4.4**	**18.4**	**0.4**	**(286.0)**	**(223.7)**
Exchange differences	(2.0)	-	(0.8)	-	2.7	(0.1)
External debt drawdown	-	-	-	-	(58.6)	(58.6)
External debt repayment	-	-	-	-	25.6	25.6
Non-cash movements	-	-	-	(0.3)	(1.1)	(1.4)
Net cash movement	(10.4)	(2.0)	(0.9)	-	-	(13.3)
At 31 December 2017	**26.7**	**2.4**	**16.7**	**0.1**	**(317.4)**	**(271.5)**
Exchange differences	(0.4)	-	(0.2)	-	(6.9)	(7.5)
External debt repayment	-	-	-	-	66.0	66.0
External debt drawdown	-	-	-	-	(32.4)	(32.4)
Non-cash movements	-	-	-	(0.1)	(1.1)	(1.2)
Net cash movement	23.1	4.8	108.9	-	-	136.8
At 31 December 2018	**49.4**	**7.2**	**125.4**	**-**	**(291.8)**	**(109.8)**

14. Dividends

Amounts recognised and paid as distributions to ordinary shareholders in the year comprise:

	2018		2017	
	£ million	**Pence per share**	£ million	Pence per share
2016 Final dividend	**-**	**-**	12.8	3.2
2017 Interim dividend	**-**	**-**	7.2	1.8
2017 Final dividend	**15.2**	**3.8**	-	-
2018 Interim dividend	**7.6**	**1.9**		
Dividends paid	**22.8**	**5.7**	20.0	5.0

After the reporting date, the Board proposed a final dividend of 3.9p per ordinary share from distributable reserves, resulting in a total dividend of 5.8p per ordinary share for the year ended 31 December 2018. The final dividend is subject to approval by shareholders at the Annual General Meeting and is therefore not included in the consolidated balance sheet as a liability at 31 December 2018.

15. Operating leases

The Group had total future minimum lease payments under non-cancellable operating leases as set out below:

	2018		2017	
(£ million)	**Land and buildings**	**Other assets**	Land and buildings	Other assets
Within one year	**10.5**	**-**	8.8	0.2
Two to five years	**18.6**	**0.1**	21.8	-
After more than five years	**4.3**	**-**	6.6	-
Total	**33.4**	**0.1**	37.2	0.2

The Group leases various offices under non-cancellable operating lease agreements. The leases have various terms, escalation clauses and renewal rights. The Group also leases other equipment under non-cancellable operating lease agreements. The Group does not have any finance leases. These non-cancellable operating leases will be brought onto the balance sheet in 2019 when IFRS 16 Leases comes into effect. See note 1 for the estimated impact of adopting the new standard.

The Group sub-lets certain of its offices. The minimum lessee receipts total £3.3 million (2017: £4.1 million), receivable over the next four years.

16. Events after the reporting date

There were no reportable events since the year end of 31 December 2018.