ASCENTIAL

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24 February 2020

Ascential plc

Audited results for the year ended 31 December 2019

Strong growth in revenue and adjusted profit
£120m share repurchase programme announced

London: Ascential plc (LSE: ASCL.L), the specialist information, data and analytics company, today announces results for the year ended 31 December 2019.

Operational highlights

- Good delivery against our four key priorities for 2019:
    - Focus on execution: Exceptional performances in Flywheel Digital and WGSN.
    - Edge: Continuing progress on the integration of Edge due to complete in H1 2020, significant Coca-Cola contract win and encouraging trading in early 2020.
    - Marketing segment growth.
    - Ascential operating model rolled out.

- Organic growth across all segments:
    - Product Design: Organic revenue growth of 8% and successful launch of WGSN Beauty.
    - Marketing: Organic revenue growth of 9%.
    - Sales: Organic revenue growth of 3% (Proforma 11%) with exceptional growth in Flywheel Digital ahead of plan and modest growth in Edge and Money20/20. Digital Commerce sub-segment revenues grew by 9% on an Organic basis and 21% on a Proforma basis.
    - Built Environment and Policy: 5% Organic revenue growth and expanded margins.

- Acquisition of eCommerce analytics business Yimian in China.

Financial highlights

- Revenue of £416.2m (2018: £348.5m).
    - Reported growth of 19.4%. Growth of 6.4% on an Organic basis, 9.0% on a Proforma basis.

- Adjusted EBITDA of £128.5m (2018: £108.4m).
    - Reported growth of 18.5%. Growth of 6.2% on an Organic basis, 8.5% on a Proforma basis.
    - Margin of 30.9% (2018: 31.1%).

- Adjusted operating profit of £105.8m (2018: £92.2m). Reported operating profit of £19.9m reduced versus the prior year (2018: £41.4m) due to a £36.9m charge for deferred consideration

for Flywheel Digital following its exceptional performance in 2019.

- Strong growth in earnings per share: Adjusted diluted EPS of 18.5p up 20.9% (2018: 15.3p).

- Continued good cash generation: Operating cash flow conversion of 88% (2018: 106%), resulting in closing net debt leverage of 1.4x (December 2018: 1.1x) allowing headroom for continued investment in organic growth, select acquisitions and shareholder returns.

- Recommended final dividend of 4.0p, making a total dividend of 5.8p for the year (2018: 5.8p) with the prior year benefiting from earnings from discontinued operations.

- Successful refinancing executed shortly after the year end with expanded £450m revolving credit facility, replacing our term loans.

- Share repurchase programme announced of up to £120m commencing shortly.

Duncan Painter, Chief Executive Officer, commented:

"2019 was a satisfying and successful year for Ascential. We advanced our operating model to ensure our products further align with our customers' needs in fast paced growth markets and this was reflected in organic growth across all of our segments. We were particularly pleased with the strength of growth of the Marketing Segment and exceptional performances from WGSN and Flywheel Digital.

Looking forward, we believe we are well positioned to continue to drive strong performance in our scaled and structurally growing markets. In 2020, we expect to deliver strong Organic growth with Group revenue in the range of £425m-£455m (using current exchange rates) and adjusted EBITDA margins of between 30% and 32%."

Contacts

Ascential plc

Duncan Painter	Chief Executive Officer	+44 (0)20 7516 5000
Mandy Gradden	Chief Financial Officer	

Media enquiries

Edward Bridges, Matt Dixon, Jamie Ricketts	FTI Consulting LLP	+44 (0)20 3727 1000

Ascential will host a presentation for analysts and investors at 9.00am on Monday 24 February 2020 at The Theatre, 1st Floor, The London Stock Exchange, 10 Paternoster Square, London EC4M 7LS.

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.

About Ascential:
Ascential is a specialist information, data and analytics company that helps the world's most ambitious businesses win in the digital economy. Our information, insights, connections, data and digital tools solve customer problems in three principal disciplines:

- **Product Design** via global trend forecasting service WGSN;

- **Marketing** via global benchmarks for creative excellence and effectiveness, Cannes Lions and WARC, and strategic advisory firm MediaLink; and

- **Sales** via eCommerce-driven data, insights and advisory firm Edge by Ascential, leading managed services provider for Amazon, Flywheel Digital, the world's premier payments and FinTech congress Money20/20, global retail industry summit World Retail Congress and Retail Week.

Ascential also powers political, construction and environmental intelligence product brands DeHavilland, Glenigan and Groundsure – together comprising the Built Environment and Policy Segment.

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.

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.

ASCENTIAL

Financial highlights – continuing operations

	31 December			Growth	
	2019 £'m	2018[1] £'m	Reported %	Organic %[2]	Proforma %[2]
Revenue					
Product Design	86.5	77.8	11%	8%	8%
Marketing	135.9	116.3	17%	9%	9%
Sales	158.4	120.9	31%	3%	11%
Built Environment & Policy	35.9	34.3	5%	5%	5%
Intercompany Sales	(0.5)	(0.8)			
	416.2	**348.5**	**19.4%**	**6.4%**	**9.0%**
Adjusted EBITDA[2]					
Product Design	36.0	29.9	20%	18%	18%
Marketing	50.7	40.5	25%	20%	19%
Sales	39.6	38.3	3%	(24%)	(14%)
Built Environment & Policy	17.0	14.3	19%	19%	19%
Corporate Costs	(14.8)	(14.6)	(1%)	(2%)	(1%)
	128.5	**108.4**	**18.5%**	**6.2%**	**8.5%**
Group Margin (%)	*30.9%*	*31.1%*			
Adjusted operating profit[2]	**105.8**	92.2			
Operating profit	**19.9**	41.4			
Profit before tax	**10.2**	28.9			
Adjusted diluted continuing earnings per share (pence)[2]	**18.5p**	15.3p			
Total dividend per share (pence)	**5.8p**	5.8p			
Adjusted cash generated from operations[2]	**113.2**	114.4			
Operating cash flow conversion[2] (%)	***88%***	*106%*			
Net debt [2]	**170.6**	109.8			
Leverage [2]	***1.4x***	*1.1x*			

[1] Restated for application of IFRS 16 (see Note 7).
[2] Refer to the glossary of Alternative Performance Measures below.

Chief Executive's Statement

In 2019, we enjoyed a year of consolidation and progress. This follows a reshaping of our business in 2018 to support long-term growth, notably through the sale of the Exhibitions business, the acquisitions of WARC, BrandView and Flywheel Digital and the re-set of Cannes Lions and MediaLink's strategic re-alignment. We are pleased to report a successful performance in 2019, growing both revenue and profit and delivering well on the priorities we set out.

Strong organic growth and good cash generation
We delivered strong organic growth, with both revenue and Adjusted EBITDA up 6% and Adjusted diluted earnings per share up 21%. Our Adjusted EBITDA margin was in line with 2018, at 31%, with the planned investments made to position the Digital Commerce products in our Sales Segment as the number one platform in the market funded by strong operating leverage in our Product Design, Marketing and Built Environment and Policy Segments. This investment, along with acquisition payments and capex investment of £131.6m, was funded by good operational cash generation with operating cash flow conversion of 88% (2018: 106%).

Execution on key priorities for 2019
We have delivered well against the priorities we set for the year, in particular:

- We are pleased with the levels of *Execution* demonstrated by our market-leading digital information products such as WGSN and Flywheel Digital and have built on the important initiatives that we have put in place to develop our cross-Ascential strategic client programme.

- We have made progress with the *integration of Edge*, which commenced in the second half of 2018 and will run until the end of the first half of 2020. The major focus for the forthcoming year is to return the Edge business back to good billings growth in the second half.

- Following the re-set for Cannes Lions and MediaLink's strategic re-alignment in 2018, *Marketing Segment Growth* was robust.

- We have made progress in developing the *Ascential operating model*, with key changes implemented in our Finance, Marketing, Data Science and Product Development functions. These changes will drive efficiency and cross-sell and accelerate the development of our products.

Evolution of the operating model
In 2018, we adopted a new operating model, aligned to our strategy of serving customer needs in the functions of Product Design, Marketing and Sales. We have now further developed this model to highlight the particular specialisms within each of the segments in which we serve our customers.

After the year end, we have made some changes to the responsibilities of our key leaders to align our management structure more closely to our core segments of Product Design, Marketing and Sales, as well as Built Environment and Policy. Given the importance of returning the Edge business to strong growth, I shall be taking personal responsibility for leading the Digital Commerce sub-segment (within the Sales segment) in 2020.

Product Design
In another successful year for Product Design we achieved Organic growth of 8%, led by an exceptional performance from the advisory practice. This was supported by continuing solid growth from the core subscription business through a combination of high retention rates and successful product launches, with WGSN Beauty a recent example.

Marketing
Following re-sets for both Cannes Lions and MediaLink in 2018 the segment returned to strong Organic growth of 9% in 2019. For Cannes Lions, this was driven in part by the increasing participation of brands in the Festival, across all three revenue streams. For MediaLink the focus on brand-led business, both project-based and retainer, was successful in delivering a more sustainable business. The higher profile presence of MediaLink at the Cannes Lions festival also illustrated the benefit of collaboration and cross-selling initiatives that are an area of increased focus across Ascential. Continued growth of our digital revenue streams, such as The Work, together with that of WARC and the recent strategic investment in the media buying platform, Hudson MX, point to continuing diversification of the Marketing Segment's business model in favour of recurring and repeat revenues.

Sales
For the Sales Segment, following several key acquisitions and event launches in 2018, 2019 was a year of consolidation with growth of 3% on an Organic basis, or 11% Proforma including the contributions of Flywheel Digital and BrandView. The Digital Commerce brands within the Sales Segment (Edge, Flywheel Digital and Yimian) grew by 9% on an Organic basis, or 21% Proforma.

2019 was an important year for the integration of the four brands that comprise Edge. The initial phases of integration, covering organisational structure and CRM systems, were completed by June 2019. Progress has also been made on the underlying platform consolidation, with the phased roll-out of digital shelf catalogue systems to market share customers completed on schedule in December 2019 and the recent launch of the new market share platform. Reflecting our efforts to deepen our relationship with key customers it was pleasing that Edge was appointed as the preferred partner to Coca-Cola for its worldwide eCommerce operations.

In December, we also completed the acquisition of Chinese eCommerce analytics business Yimian that will provide a more holistic offering for Edge in China, with its sales and share expertise. Yimian's expertise in China provides an excellent fit with that of our Edge business across US and European marketplaces. Additionally, Yimian's capability in semantic analysis and record of innovation offers exciting opportunities for new product development.

Flywheel Digital had an outstanding year. Having joined the Group in 2018, it made significant strides, expanding its business into Europe, Australia and Japan, while also launching a service offering for Walmart in the US. Flywheel Digital enables us to not only report on the performance of our customers but also provide them with a real time trading platform to enable and drive actual sales growth.

Money20/20's modest performance reflected continuing strong growth from its European edition, offset by the competitive challenge in Singapore and a combination of adverse macro and local market factors that necessitated the deferral of the Chinese edition.

Built Environment & Policy
The Built Environment & Policy Segment continued to trade solidly, with Organic revenue growth of 5% and expansion of margin, despite testing conditions in its UK-based markets, a testament to the market leading products in this segment.

Jumpshot
In July 2019 we acquired a 35% stake in Avast's marketing analytics subsidiary Jumpshot. While Jumpshot's business model was attractive in its own right, we also benefitted from access to their high-quality information to refine and improve the product algorithms within the Edge business. This benefit persists, notwithstanding Avast's post year end decision to close Jumpshot, as it was no longer core to their mission. In January 2020, we sold our stake back to Avast recovering all of our investment and expenses.

Focused capital allocation and share repurchase programme
Consistently strong levels of cash flow conversion, combined with our disciplined capital allocation, has resulted in a net debt leverage ratio of 1.4x at the 2019 year-end. Furthermore, following the sale of the Jumpshot investment in January 2020, our proforma 31 December 2019 leverage ratio is 1.0x which is well below our historical norms.

While we have a pipeline of attractive bolt-on investment opportunities, we recognise that the delivery of shareholder value requires a return of cash to shareholders if M&A cash needs are not near-term and when our balance sheet is sufficiently strong to finance acquisitions should they arise earlier than expected. Having reviewed our capital allocation policy, the Board has decided to utilise part of its authority to make on-market purchases of our ordinary shares. We anticipate spending up to £120m in a share repurchase programme, which we will review on an ongoing basis based on the then competing opportunities for capital deployment.

Our dividend policy, which targets a 30% payout ratio of adjusted profit after tax, is unchanged.

Responsible business
This year, we launched our new Corporate Responsibility Framework, covering all elements of environmental, social and governance activities. This comprises solid foundations (such as health and safety), strategic issues (environmental sustainability and diversity and inclusion) and a signature focus on helping young people thrive in a digital world. This programme is designed to celebrate our existing activities, as well as provide inspiration for our people to launch new initiatives, and to enable Ascential to take a clear lead as a responsible business.

Coronavirus disease
The Board is actively monitoring the unfolding situation in respect of the Coronavirus outbreak. While China is an important, long-term, strategic growth market for Ascential, revenues from Chinese customers are today a relatively small part of the Group (less than 5% overall and with just 2% of attendees of Cannes Lions from China, for example) and we have not yet seen any material impact on trading from the situation. As a precaution, and to reflect travel difficulties in the region, we have previously communicated to participants that we have moved the date of Money20/20 Asia in Singapore from March to August 2020. We continue to monitor the potential impact of travel restrictions for Chinese delegates and sponsors to events in Europe (such as Retail Week Live in London in March). We are also mindful of the impact that Coronavirus might have on the business performance of our customer base in areas such as fashion but again have seen no significant impact to date. Our business continuity plans are enabling the majority of our approximately 200 staff in China to remain both safe and productive.

2020 priorities and outlook

As we enter 2020, we have four core objectives:

1. Increase the rate of Organic revenue growth in the Sales Segment by accelerating Money20/20 and by driving strong billings growth in Edge in the second half of 2020.
2. Focus on our service offering to further reduce customer churn.
3. Deliver product superiority across the Company allowing for further premium pricing for our highest quality products.
4. Deliver greater simplicity and efficiency throughout the business, including new systems and processes in our Finance, Marketing and Sales functions.

Over the coming year we will continue to utilise our unique insights and expertise to provide our customers with ever more relevant and critical information. With our product sets even more closely aligned to customer requirements, we believe we are well positioned to continue to drive strong performance in our scaled and structurally growing markets. In 2020, we expect to deliver strong Organic growth with Group revenue in the range of £425m-£455m (using current exchange rates) and adjusted EBITDA margins of between 30% and 32%.

Segmental Review

Product Design Segment

	Year ended 31 December (£'m)		Growth (%)		
	2019	2018*	Reported	Organic	Proforma
Revenue	86.5	77.8	+11%	+8%	+8%
Adjusted EBITDA	36.0	29.9	+20%	+18%	+18%
Adjusted EBITDA Margin	42%	38%			

*Restated for initial application of IFRS 16 (see Note 7)

2019 was a successful year for our Product Design Segment, with Organic revenue growth accelerating to 8%, driven by advisory revenues, continued strong retention and the launch of WGSN Beauty. Revenue and Adjusted EBITDA both grew well in the period, with margin expanding despite product launch investment.

Through our WGSN product, we are a leading global supplier of trend forecasts, market intelligence and insight to design-led businesses, helping them understand the future demands of their consumers and the underlying influences that shape the preferences of different consumer communities. We have around 6,500 customers in over 90 countries. Information is delivered primarily through digital subscriptions (c.90% of our revenue) with growing specialist advisory and colour services, through Mindset and Coloro respectively.

The Product Design Segment has seen continued take-up of products launched in recent years such as Insight (the broad consumer trends product), Barometer (brand sentiment tool) and Coloro (the colour system). These not only offer new growth opportunities within the existing customer base but have driven an expansion of the addressable market beyond apparel and into newer product categories, as with the launch of Beauty in April 2019. This offering, specifically for the beauty industry, serves product developers with trend information based on four key elements: Ingredients, Texture & Fragrance, Colour, and Packaging. We now have over 200 customers signed up to Beauty achieving more than double our original year one targets. Instock, our digital shelf product for apparel companies, continues to gain traction with Financial Services companies interested in utilising alternative data to inform their investment decisions and we are focusing our efforts on this end market.

We will continue to explore opportunities to enter new market segments where our expertise in trend forecasting can be adapted, with a new product in the Food & Beverage market targeted for launch later in 2020. We will also continue to use data from other Ascential products to inform forecasts and analysis including empirical innovations such as the Trend Curve, launched in September 2019.

These initiatives position us well for continued mid to high single digit revenue growth in this segment.

Marketing Segment

	Year ended 31 December (£'m)		Growth (%)		
	2019	**2018***	**Reported**	**Organic**	**Proforma**
Revenue	135.9	116.3	+17%	+9%	+9%
Adjusted EBITDA	50.7	40.5	+25%	+20%	+19%
Adjusted EBITDA Margin	37%	35%			

*Restated for initial application of IFRS 16 (see Note 7)

One of our key objectives for 2019 was to re-establish the Marketing Segment as a pillar of sustainable growth after a re-set year in 2018 for its two largest businesses. We are therefore pleased to report 9% Organic revenue growth and 20% Organic Adjusted EBITDA growth for the year. Margin grew to 37% as a result.

Through Cannes Lions we are the globally recognised international benchmark for brand creativity, delivered via the festival platform in June and through year-round digital products and consultancy engagements. Following the changes implemented in 2018, including the new awards structure and re-focus into a shorter five-day period the festival returned to double-digit growth in 2019. Last year's changes to the festival's format continue to be extremely well received by participants, resulting in a 2019 NPS score of 69, the highest on record and positioning Lions well for future growth. All three Cannes Lions revenue streams grew in 2019:

- *Award entries* accounted for 36% of Lions revenue. We were pleased with the launch year performance of the Entertainment Lion for Sport and the Creative Strategy Lion while the Creative Effectiveness category continued to expand. The new points-based award for Creative Brand of the Year, won in 2019 by Burger King, helped drive growth in entries from brands.

- *Delegate passes* accounted for 33% of the festival's revenue. We saw a good increase in the volume of delegates, driven in part by growing popularity of the Cannes Curated product for major brand groups.

- *Partnerships and digital* revenues accounted for 31% of Lions' revenues, with The Work and Lions Digital Pass broadening engagement with the creative community beyond the physical environment of the city of Cannes. These Lions Intelligence services have further developed the Marketing segment's year-round digital revenue streams helped by the growth of the Lions Advisory offering of training programmes and consultancy services for brands and media platforms.

Through the MediaLink offering Ascential develops partnerships and strategy for customers operating at the intersection of the media, marketing, advertising, technology and entertainment industries. Over previous years we have refined the business in favour of project work, particularly for brands, rather than structurally weaker sectors such as digital publishing.

The first half of 2019, in particular, benefitted from several major agency reviews and strong performance from the programme of targeted content, curated experiences and hosted meetings at The Consumer Electronics Show (CES) and Cannes Lions festival, with more than 1,800 hosted meetings taking place (a record for the business). In particular, the new location in Cannes (a dedicated facility at the heart of the festival), proved extremely popular with customers. The most high-profile engagement this year was the global media agency review for Disney, the largest of its kind in the market in three years. Lastly, we were delighted to see MediaLink's founder and CEO, Michael Kassan, inducted into the 2019 American Advertising Federation's Hall of Fame in recognition of his and the business' work in the industry.

Through WARC's digital subscription-based information we help brands, agencies and media platforms measure marketing effectiveness across all channels. Revenue grew strongly with a significant focus on product, content and marketing enhancements. A notable development was the launch of operations in China, supported by a Shanghai based team delivering localised content in this increasingly important market. Other highlights included the relaunch of the Gunn report as 'WARC Rankings', a benchmark for excellence in marketing based on performance in the world's most prestigious industry awards.

One of our aims within the Marketing Segment is to further diversify our revenue streams and build ever more recurring and repeat revenues. To further that aim we have made a strategic investment in Hudson MX, a New York based company building a software platform that empowers buyers, agencies, and their partners to reduce the operational costs inherent in the media buying process.

2019's growth rate in the Marketing Segment clearly benefitted from the foundations laid in 2018 as well as the return of a key customer to Cannes Lions after a one-year hiatus. These foundations position us well for mid-single digit revenue growth in this segment.

Sales Segment

	Year ended 31 December (£'m)		Growth (%)		
	2019	2018*	Reported	Organic	Proforma
Revenue	158.4	120.9	+31%	+3%	+11%
Adjusted EBITDA	39.6	38.3	+3%	(24%)	(14%)
Adjusted EBITDA Margin	25%	32%			

*Restated for initial application of IFRS 16 (see Note 7)

Revenue in the Sales Segment grew by 3% on an Organic basis or, including the impact of 2018 acquisitions (principally Flywheel Digital) by 11%. The Organic and Proforma decline in EBITDA reflects high levels of investment in the Edge and Flywheel Digital products in the year as well as the expected decline in revenue from the smaller World Retail Congress and Retail Week.

Digital Commerce

The Digital Commerce element of the Sales Segment (comprising Edge by Ascential, Flywheel Digital and Yimian) grew revenues by 9% on an Organic basis and 21% on a Proforma basis.

Through Edge by Ascential we deliver eCommerce data, insights and advisory, comprising performance measurement, digital shelf optimisation, pricing & promotion and retail strategy expertise. As previously reported, following a period of rapid customer acquisition for each of its major products, in the second half of 2018 this business commenced an integration programme which will run until the first half of 2020. With a focus on unifying its go to market approach, Product Leadership, Innovation, Technology and Operations platforms, the programme will additionally scale the organisation, processes and systems required to manage significant numbers of global customers. With the initial phases, covering organisational structure and CRM systems, completed by June 2019, progress has also been made on the underlying platform consolidation, with the phased roll-out of digital shelf catalogue systems to market share customers completed on schedule in December 2019 and the launch of the new market share platform.

Edge acquired 89 new customers in 2019 (2018: 107), but, as previously reported, revenue growth rates reduced. This was due in part to the impact of our integration efforts, with cross-sell and upsell opportunities dependent partly on our phased transfer of customers to the new catalogue platform. However, we were encouraged by trading during the first month of 2020 which was ahead of plan which was especially notable as Edge renews 35% of its book of business in the month of January.

Through Flywheel Digital we provide managed retail and media services to brands on Amazon and more recently Walmart, Instacart and Kroger. Since acquisition in November 2018, we have established these services in Europe, Australia and Japan. The rate of revenue growth in 2019 has continued to be extremely strong against a backdrop of good US market conditions and Amazon's strong growth, including its best ever Black Friday in 2019 (online spend up by 16% over the Thanksgiving holiday weekend). All three revenue lines (retainer, retail commission and media commission) continued to grow strongly, benefiting from expanding markets and continued share gains, while 28 new customers were added in the year.

In 2019, we were also pleased to launch both our Spotlight operation in New York and our initial Walmart service offering, being selected among the first Walmart Advertising Partners. We invested heavily in scaling the overall business, while taking the lead in building Ascential's wider data science capabilities. Most recently, in February 2020, we have expanded into the active lifestyle category through the acquisition of Indigitous, an Amazon-focused managed service provider based in Seattle.

Finally, in this sub-segment, after an extensive search and considerable diligence, we were delighted to acquire the Chinese eCommerce analytics specialist Yimian. With around 100 staff based in Shenzhen and Shanghai, Yimian helps its customers, predominantly multi-national CPGs, optimise their sales on eCommerce platforms. Its principal offerings comprise insight on sales & share performance and pricing & promotion trends, together with analysis of ratings and reviews on both retail and social platforms.

Non-Digital Commerce

Through Money20/20 we are the leading hub worldwide for digital payments product strategy. Our congresses focus on the evolution of consumer payment and financial services through mobile, retail, marketing services, data and technology, and, despite a small decline for the Asia edition, achieved modest growth overall in the year, driven by the European event.

At the Asian event in Singapore over 3,000 attendees explored the future of money. After an outstanding launch edition in 2018 that was two years in the making, the 2019 event saw a small year over year revenue decline and we have spent significant time redesigning and relaunching the 2020 show.

Meanwhile, in its fourth year, the European congress in Amsterdam delivered strong growth, with increases in revenue and volumes for both delegates and sponsors, reflecting the quality of the product and location and the scale of the European market. The event attracted more than 6,000 attendees while the enlarged exhibition space in Amsterdam enabled an increase in net square meterage sold.

Now in its eighth year, the US event took place, in Las Vegas as usual, with good growth in both exhibitor and delegate volumes driven by a refreshed pricing strategy focusing on volume over yield. A revised venue layout offered delegates a more inclusive learning experience along with an improved networking experience via our App (delivering over 4,000 meetings) and we saw a strong improvement in NPS scores.

The planned second edition in China due to be held in December 2019, was deferred due to a hiatus for international companies in the Chinese FinTech market arising from a combination of macro-economic trends and changes in local market dynamics including significant changes in the Peer-to-Peer lending sector that had been an important revenue source in 2018. We intend to return the event to China in due course when market conditions improve.

The final and smallest element of the Sales Segment is delivered by the Retail Week and World Retail Congress products. These brands saw a revenue decline in the face of a highly challenged bricks and mortar retail environment particularly in the UK.

We are targeting high single digit growth in the Sales Segment going forward with that growth clearly skewed towards the Digital Commerce sub-segment.

Built Environment & Policy

	Year ended 31 December (£'m)		Growth (%)		
	2019	**2018***	**Reported**	**Organic**	**Proforma**
Revenue	35.9	34.3	+5%	+5%	+5%
Adjusted EBITDA	17.0	14.3	+19%	+19%	+19%
Adjusted EBITDA Margin	47%	42%			

*Restated for initial application of IFRS 16 (see Note 7)

The Built Environment and Policy Segment comprises the Groundsure, Glenigan and DeHavilland digital information products. Revenue for the year grew by 5% to £35.9m, with all three products contributing growth.

Through Groundsure we are a leading provider of environmental risk data to the UK residential property market. The product grew well against a UK residential property market that declined, as it continued to lead on product innovation, with new products in the period focusing on Coal Mining and Energy & Transportation, together with the refresh of the Groundsure Homebuyers report. Shortly after the year end, we reinforced our commitment to product innovation with the acquisition of a small specialist data provider and consultant based in Cornwall, Mining Searches UK, through which we will add non-coal to our mining searches portfolio.

Through Glenigan, we provide construction project sales leads, industry data, analysis, forecasting and company intelligence. The business grew in the year and maintained good retention rates, against a challenging market backdrop. The bespoke research element of the product achieved good traction in the market throughout the year reflecting our high standing with customers.

Finally, through DeHavilland, we are a leading provider of political intelligence and monitoring services in the UK and EU. The business achieved good growth in the year, improving its retention rates, helped by the launch of a new data feed API which allows clients to receive political contact data directly into their CRM solutions. While Brexit undoubtedly drove some increased customer need throughout 2019, we expect that this will continue as the UK moves into the next demanding phase of its exit from the European Union.

We are targeting the Built Environment & Policy Segment to continue to grow at similar levels to 2019.

Financial review

2019 was another year of good Organic growth in revenue and Adjusted EBITDA. Solid cash generation resulted in closing net debt leverage of 1.4x[1], after continued investment in the business and M&A.

Overview

The results for the year are set out in the consolidated statement of profit or loss and show, for continuing operations, revenue of £416.2m (2018: £348.5m), a growth of 19.4% (or 6.4% on an Organic basis, and 9.0% on a Proforma basis), and operating profit of £19.9m down 51.9% (2018: £41.4m). Adjusted EBITDA was £128.5m (2018: £108.4m) representing Organic growth of 6.2% or 8.5% growth on a Proforma basis. We also delivered solid cash flow in 2019 with free cash flow from continuing operations after tax and capex of £91.5m (2018: £84.8m), an operating cash flow conversion of 88% and a free cash flow conversion of 71%.

A core KPI and strategic goal of the Company is Organic revenue growth rate. We believe that 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 rate 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 rate is measured in a similar way to Organic growth rate but assumes that the Group's acquisitions were all made on 1 January 2018 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 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

The results for the year ended 31 December 2019 are set out in the consolidated statement of profit or loss and summarised in the table below.

£'m	**2019**	2018*	Reported growth rate	Organic growth rate	Proforma growth rate
Revenue	**416.2**	348.5	19.4%	6.4%	9.0%
Adjusted EBITDA	**128.5**	108.4	18.5%	6.2%	8.5%
Adjusted EBITDA margin	**30.9%**	31.1%			

*Restated for initial application of IFRS 16 (see Note 7)

[1] Please refer to Alternative Performance Measures for definition

Segmental results
Following the sale of the Exhibitions Business in July 2018, the Group changed from two to four reportable segments to align the 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.

2019 **£'m**	**Product Design**	**Marketing**	**Sales**	**Built Environment & Policy**	**Corporate costs**	**Continuing Operations**
Revenue	86.5	135.9	158.4	35.9	(0.5)	416.2
Organic growth	*8%*	*9%*	*3%*	*5%*		*6.4%*
Proforma growth	*8%*	*9%*	*11%*	*5%*		*9.0%*
Adjusted EBITDA	36.0	50.7	39.6	17.0	(14.8)	128.5
Organic growth	*18%*	*20%*	*(24%)*	*19%*		*6.2%*
Proforma growth	*18%*	*19%*	*(14%)*	*19%*		*8.5%*
Adjusted EBITDA margin	*41.7%*	*37.3%*	*25.0%*	*47.2%*		*30.9%*
Depreciation and software amortisation	(4.2)	(7.5)	(6.6)	(0.9)	(3.5)	(22.7)
Adjusted operating profit	**31.8**	**43.2**	**33.0**	**16.1**	**(18.3)**	**105.8**
2018* £'m						
Revenue	77.8	116.3	120.9	34.3	(0.8)	348.5
Adjusted EBITDA	29.9	40.5	38.3	14.3	(14.6)	108.4
Adjusted EBITDA margin	*38.4%*	*34.8%*	*31.7%*	*41.7%*		*31.1%*
Depreciation and software amortisation	(4.0)	(5.5)	(3.0)	(0.7)	(3.0)	(16.2)
Adjusted operating profit	25.9	35.0	35.3	13.6	(17.6)	92.2

*Restated for initial application of IFRS 16 (see Note 7)

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 or repeat characteristics and benefit from our focus on customer retention, with over 80% of all revenue coming from recurring revenue types or repeat business.

Revenues from continuing operations grew to £416.2m (2018: £348.5m), an increase of £67.7m or 19.4%. Adjusting for currency impacts and acquisitions, Organic growth was 6.4% driven by the Marketing Segment and the Product Design Segment. Proforma revenue growth, which is a measure of how well the current portfolio of brands is growing, was 9.0% and was driven by the Sales Segment.

Adjusted EBITDA

Adjusted EBITDA increased by 18.5% to £128.5m (2018: £108.4m) representing a 6.2% Organic growth rate, reflecting operational leverage and flow-through from revenue growth in the Marketing and Product Design segments in particular. Adjusted EBITDA margin remained in line with the prior year at 30.9% (2018: 31.1%), where declining margins in the Sales Segment as a result of investment in Edge and Flywheel Digital were offset by increases in all other segments' Adjusted EBITDA margins. We continue to see the evidence of the superior margin opportunities in scaled, mature, digital subscription businesses.

Reconciliation between Adjusted EBITDA and statutory operating profit

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

£'m	**2019**	2018*
Adjusted EBITDA	**128.5**	108.4
Depreciation and software amortisation	**(22.7)**	(16.2)
Adjusted operating profit	**105.8**	92.2
Amortisation	**(35.8)**	(30.6)
Exceptional items	**(41.6)**	(14.0)
Share based payments	**(8.5)**	(6.2)
Statutory operating profit	**19.9**	41.4

*Restated for initial application of IFRS 16 (see Note 7)

Amortisation of acquired intangible assets

The amortisation charge of £35.8m (2018: £30.6m) on acquired intangible assets increased mainly due to full year charges for the acquired intangibles of Flywheel Digital and WARC, offset by the impact of fully amortised assets. The Company undertakes a periodic review of the carrying value of its intangible assets of £760.7m (2018: £786.0m) which are supported by value in use calculations. No impairments were identified in the current or prior year.

Exceptional items

The charge for exceptional items in 2019 totalled £41.6m (2018: £14.0m relating to continuing operations) as set out in the table below and further explained in Note 4.

£'m	**2019**	2018
Deferred contingent consideration	**33.1**	8.1
Other acquisition and disposal expenses	**8.5**	5.9
Exceptional items relating to continuing operations	**41.6**	14.0

The charge for deferred contingent consideration relates to acquisition-related contingent employment costs on the acquisitions of Flywheel Digital, MediaLink, One Click Retail and Clavis which, absent the link to continued employment, would have been treated as consideration as well as the revaluation of initial estimates of deferred consideration. The substantial increase in charge in 2019 reflects the significant outperformance of Flywheel Digital in 2019 compared to our original expectations (a total charge of £36.9m).

Other acquisition and disposal expenses include £3.5m of costs relating to transaction costs (diligence and legal fees) with the remainder represented by integration costs offset by credits from the release of provisions in respect of historical disposals.

Share-based payments

The charge for share-based payments of £8.5m (2018: £6.2m) incorporates the Share Incentive Plan, the SAYE and the Performance Share Plan and the increase is driven partially by this being the first full three years since the IPO. As explained in the Alternative Performance Measures section, we treat share-based payments as an adjusting item because they are a significant non-cash charge driven by a valuation model that references Ascential's share price and so is subject to volatility rather than referencing operational activity.

Finance costs

The Adjusted net finance cost for the year was £10.3m (2018: £13.1m) as set out in the table below:

Adjusted net finance costs £'m	**2019**	2018*
Interest payable on external borrowings	**(6.8)**	(7.1)
Interest receivable	**0.9**	0.6
Amortisation of loan arrangement fees	**(1.1)**	(1.2)
Discount unwind on contingent and deferred consideration	**(5.5)**	(3.6)
Discount unwind of lease liability	**(1.3)**	(1.2)
Discount unwind of property provisions	**(0.1)**	-
Net foreign exchange gain/(loss)	**2.0**	(0.6)
Remeasurement of trade investments to fair value	**1.6**	-
Adjusted net finance costs	**(10.3)**	(13.1)

*Restated for initial application of IFRS 16 (see Note 7)

The net interest expense on the Company's net debt was £5.9m (2018: £6.5m) with the decrease driven by the higher cash holdings throughout the year and particularly in the first half with the reduction in interest margin driven by reduced leverage offset by higher LIBOR.

Amortisation of loan arrangement fees relates to the unwind of fees capitalised in respect of the borrowing facility taken out in 2016. In January 2020, the Group entered into a new 5-year multi-currency revolving credit facility ("RCF") of £450m (see Liquidity section below for further details). Upon completion of the new agreement, capitalised arrangement fees of £1.2m relating to the previous facility will be written off in 2020 as exceptional costs. We expect fees of £3.9m to be capitalised as part of the new arrangements and these will be amortised over the expected life of the facility.

Discount unwind on contingent and deferred consideration of £5.5m reflects the full year impact of the discount unwind on the future expected consideration of the acquisition of Flywheel Digital. Net foreign exchange gain or loss includes credits arising on the revaluation of monetary items (particularly cash) in the year. Finally, our 2019 net finance cost was also reduced by positive revaluations of £1.6m on our equity investments in Hudson MX, Shoptalk and the WGSN China joint venture.

Taxation

A tax charge of £20.6m (2018: £17.8m) was incurred on continuing Adjusted profit before tax of £96.4m (2018: £79.7m) resulting in an Adjusted effective tax rate for the year of 21.4% (2018: 22.3%) which compares to the effective tax rate of 20.6% on reported profits as can be seen in the table below.

Analysis of tax charge (£'m)	**2019**	2018
Adjusted PBT	96.4	79.7
Tax charge on Adjusted PBT	(20.6)	(17.8)
Effective tax rate on Adjusted PBT	21.4%	22.3%
Adjusting items	(86.2)	(50.8)
Tax credit on Adjusting items	18.5	8.9
Effective tax rate on Adjusting items	21.5%	17.5%
Reported PBT	10.2	28.9
Tax charge on reported PBT	(2.1)	(8.9)
Effective tax rate on reported PBT	20.6%	30.8%

Cash tax paid was £3.2m (2018: £12.2m) reflecting refunds of prior year overpayments. The Group benefited by £4.5m (2018: £3.1m) 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 £42.7m (2018: £43.1m) relating to UK and US losses, accelerated capital allowances, US acquired intangibles, and deferred and contingent consideration. The majority of this asset is expected to convert into cash savings over the next ten years with more than 75% being recovered over the next three years. Meanwhile, our deferred tax liability amounted to £22.9m (2018: £24.8m) and related to non-deductible acquired intangibles and is not expected to convert into cash.

Discontinued operations

There were no discontinued operations in 2019. Discontinued operations in 2018 relate to the trading of the Exhibitions business in the first six months of the year and its subsequent disposal. The overall result for discontinued operations was as follows:

Discontinued operations (£'m)	**2019**	2018
Revenue	-	54.6
Adjusted EBITDA	-	19.8
Depreciation and amortisation	-	(0.3)
Amortisation of acquired intangibles	-	(3.1)
Exceptional items including gain on disposal	-	176.5
Share based payments	-	(0.3)
Profit before tax	-	192.6
Taxation	-	(3.4)
Profit after tax	-	189.2

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 sensitive to movements in the Euro and US Dollar against Pounds Sterling. For most of 2019, Sterling was in line with the 2018 average Euro and US Dollar exchange rates but strengthened after the December UK general election as can be seen in the table below:

	Weighted average rate			**Year-end rate**		
Currency	**2019**	2018	Change	**2019**	2018	Change
Euro	**1.12**	1.14	(1.8%)	**1.18**	1.12	5.4%
US Dollar	**1.28**	1.32	(3.0%)	**1.32**	1.28	3.1%

When comparing 2019 and 2018, changes in currency exchange rates had a net favourable impact of £6.1m on revenue and £1.8m on Adjusted EBITDA. On a segmental basis, the favourable impact of changes in foreign currency exchange rates was as follows:

- Product Design: £1.0m impact on revenue and £nil impact on Adjusted EBITDA.
- Marketing: £3.0m impact on revenue and £0.9m impact on Adjusted EBITDA.
- Sales: £2.1m impact on revenue and £0.9m impact on Adjusted EBITDA.
- Built Environment & Policy: £nil 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	**2019 Revenue**	**2019 Adjusted EBITDA**	2018 Revenue	2018 Adjusted EBITDA
Increase in revenue/ Adjusted EBITDA if:				
Sterling weakens by 1% against USD in isolation	1.9	0.8	1.5	0.7
Sterling weakens by 1% against EUR in isolation	1.2	0.8	1.0	0.7

Furthermore, each 1% movement in the Euro to pounds Sterling exchange rate has a £1.5m (2018: £1.5m) impact on the carrying value of borrowings. Each 1% movement in the US Dollar has a circa £0.7m impact on the carrying value of borrowings (2018: £0.8m).

Earnings per share

Continuing Adjusted diluted earnings per share of 18.5p per share is 20.9% ahead of the 15.3p per share recorded for 2018.

Continuing diluted earnings per share of 1.9p per share is below the prior year figure of 4.8p predominantly due to exceptional charges revaluing upwards the deferred consideration on Flywheel Digital following its better than expected performance. Total diluted earnings per share were 1.9p (2018: 51.4p), with the decline driven in large part by the gain on disposal of the Exhibitions business in 2018.

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 2019 incurred initial cash consideration of £81.3m for bolt-on investment opportunities. The cash consideration comprises £64.5m on investments and £16.8m on acquisition of businesses net of cash acquired, of which £18.7m is in relation to Yimian.

Jumpshot

In August 2019, we completed the acquisition of a 35% investment in Jumpshot, Inc., an analytics business providing market leading insights on digital consumer engagement. Cash consideration including subsequent working capital contribution and acquisition expenses totalled £56.2m of which £54.5m was paid prior to 31 December 2019. On 30 January 2020, we agreed to sell our 35% ownership interest in Jumpshot back to the majority owner, Avast plc for cash consideration equivalent to our cost of investment including expenses.

Yimian

In December 2019, we completed the acquisition of Shenzhen Yimian Network Technology Co., Ltd ("Yimian") for initial consideration of £19.5m with a further £8-10m expected to be paid as part of earnout consideration relating to 2019 to 2022 revenue targets. Yimian provides services to help clients optimise their digital marketing and sales on China's e-commerce platforms.

Hudson

Hudson MX is an advertising software business providing media buying and media accounting solutions through a cloud-based SaaS platform. In 2019 we invested £8.0m for a minor equity interest and, subject to certain growth targets, agreed to increase our future holding for further cash consideration of £8.0m. A gain of £0.9m was recognised within net finance costs reflecting the upwards revaluation of our equity investment based on third party participation in the transactions.

Infosum

In addition, the Group made a minority equity investment of £2.0m in Infosum, a company that provides a decentralised environment to connect customer data, conduct analysis and drive more effective marketing campaigns, without any data exchange.

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 earnout to both the post-acquisition performance of the acquired company and the continuing employment of the founders. Accounting for the earnout 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 earnout 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 earnout which is not dependent on the continuing employment of the founders. This amounted to £103.2m at December 2019 (2018: £96.7m). Any change in estimate is recorded as an exceptional item. This amounted to a charge of £13.0m in 2019 (2018: credit £5.2m) driven by the 2019 outperformance of Flywheel offset by the lower performance of One Click Retail.

2. This liability is discounted to present value with the reversal of this discount being recorded as Other finance costs within the interest charge. This amounted to a charge of £5.5m in 2019 (2018: £3.6m).

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 £20.1m in 2019 (2018: £13.3m), which was in addition to the charge for the revaluation of the earnout of £13.0m (2018: £5.2m credit).

In total, the Company expects to pay out 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 2022.

Cash flow

Continuing operations

The Company generated Adjusted operating cash flow from continuing operations of £113.2m (2018: £114.4m), being an 88% operating cash flow conversion (2018: 106%). The reduction in operating cash flow conversion was driven mainly by the working capital impact of the very high growth of Flywheel business.

After continued investment in product development in our digital subscription products, internal productivity tools and property, capex remained consistent with the prior year at £18.5m (2018: £18.7m). Tax paid on profits from continuing operations decreased from £12.2m to £3.2m, driven by the shielding of current year charges by historic losses and refunds of overpayments in prior years. As a result, the Company generated free cash flow on continuing operations of £91.5m (2018: £84.8m) as shown in the table below.

£'m	**2019**	2018*
Adjusted EBITDA	**128.5**	108.4
Working capital movements	**(15.3)**	6.0
Adjusted operating cash flow from continuing operations	**113.2**	114.4
% operating cash flow conversion	**88%**	106%
Capital expenditure	**(18.5)**	(18.7)
Tax paid	**(3.2)**	(10.9)
Free cash flow from continuing operations	**91.5**	84.8
% free cash flow conversion	**71%**	78%

*Restated for initial application of IFRS 16 (see Note 7)

Discontinued operations
There were no significant free cash flows from discontinued operations in 2019 while 2018 included discontinued free cash flows relating to the Exhibitions business.

Total operations
The cash flow statement and net debt position is summarised below and includes significant proceeds from the Company's business disposals in 2018 totalling £290.0m, as well as deferred and initial consideration paid on the Company's current and prior years' acquisitions totalling £48.6m (2018: £156.4m).

£'m	**2019**	2018*
Free cash flow from continuing operations	**91.5**	84.8
Free cash flow from discontinued operations	-	2.1
Free cash flow from total operations	**91.5**	86.9
Acquisition of investments	**(64.5)**	(0.7)
Acquisition of businesses net of cash acquired	**(16.8)**	(97.7)
Deferred and contingent consideration cash paid in the year	**(20.3)**	(37.7)
Exceptional costs paid		
- Acquisition-related contingent employment cost	**(11.5)**	(21.0)
- Other	**(11.3)**	(12.4)
Disposal proceeds received		
- Cash proceeds received net of cash disposed of	-	296.4
- Disposal costs paid	**(2.3)**	(6.4)
Cash flow before financing activities	**(35.2)**	207.4
Net interest paid	**(6.2)**	(6.9)
Dividends paid	**(22.9)**	(22.8)
Lease liabilities paid	**(9.0)**	(7.7)
Proceeds of issue of shares net of expenses	**1.2**	0.4
Debt repayment	-	(33.6)
Net cash flow	**(72.1)**	136.8
Opening cash balance	**182.0**	45.8
FX movements	**1.8**	(0.6)
Closing cash balance	**111.7**	182.0
Borrowings	**(283.8)**	(294.1)
Capitalised arrangement fees	**1.2**	2.3
Derivative financial instruments	**0.3**	-
Net debt	**(170.6)**	(109.8)

Restated for initial application of IFRS 16 (see Note 7)

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 4.0p per share payable on 11 June 2020 to shareholders on the register on 14 May 2020 which, together with the Company's interim dividend of 1.8p paid in September 2019, makes a total dividend for the 2019 financial year of 5.8p (2018: 5.8p) with the prior year benefiting from earnings from discontinued operations.

Consistently strong levels of cashflow conversion, combined with disciplined capital allocation, has resulted in a net debt leverage ratio of 1.4x at the 2019 year-end. Furthermore, following the sale of the Jumpshot investment in January 2020, our Proforma leverage is 1.0x which is well below historic levels. While we have a strong pipeline of attractive investment opportunities, we recognise that the delivery of shareholder value requires a balanced approach to investing in growth and returning excess capital to shareholders whilst maintaining a strong balance sheet. Having reviewed our capital allocation policy, the Board has decided to utilise part of its authority to make on market purchases of our ordinary shares. We anticipate spending up to £120m in a share repurchase programme, which we will review on an ongoing basis based on the competing opportunities for capital deployment.

Other financial matters
Accounting developments
IFRS 16, Leases, was effective from 1 January 2019 and we have taken the decision to apply this standard retrospectively. We have consequently adjusted our financial statements from the earliest point presented, 1 January 2018. 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 amortisation and interest. In relation to these leases we recognised £21.6m of right-of-use assets, £2.1m of investment property, and £26.8m lease liabilities as at 31 December 2019. We also recognised £7.3m (2018: £5.4m) of amortisation charges and £1.3m (2018: £1.2m) of interest costs from these leases instead of an operating lease expense.

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 that allows a healthy mix of dividends and cash for investment in bolt-on acquisitions.

Liquidity
In January 2020, the Group entered into a new 5-year multi-currency revolving credit facility ("RCF") of £450m with an accordion of up to a further £120m or 150% of EBITDA. The maturity of the facility may be extended at the option of the Group for up to two further one-year terms subject to individual lender approval. The facility covenants include a maximum net leverage of 3.25x with the benefit of an additional 0.5x leverage spikes for relevant acquisitions and a minimum interest cover of 3.00x and are tested semi-annually.

The previous facility, which operated through the 2019 financial year, comprised term loan facilities of £66m, €171m and US$96m as well as an RCF of £95m. All were due to mature in February 2021 and at December 2019 were subject to interest at 1.50% over LIBOR. There was a leverage covenant limit of 3.5x which was measured semi-annually. As at 31 December 2019 and 2018, all of the term facilities, totalling £283.8m (2018: £294.1m) had been drawn and none of the £95.0m of RCF had been drawn (2018: none).

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 51% in Euros with the balance split between US Dollars (26%) and pounds Sterling (23%). 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 shown on in the full Annual Report.

Going concern

The Board is responsible for determining the nature and extent of the principal risks it is willing to take in achieving its strategic objectives. Ascential's business activities, performance and position, together with the factors likely to affect its future development, are set out throughout this release and the full 2019 Annual Report. The financial risk management objectives, policies and processes in place for assessment, management and monitoring of risks, including the risks resulting from Brexit and the current outbreak of the Coronavirus, are also described more fully in the 2019 Annual Report.

The Directors believe that the Company is well placed to manage its business risks successfully and have assessed the Group's prospects and viability over a 3-year period. The long-term viability statement, which provides further detail of this assessment, can be found in the 2019 Annual Report. 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, including the period exceeding 12 months from the date when the financial statements are approved. Accordingly, the Directors continue to adopt the going concern basis for the preparation of the financial statements.

ALTERNATIVE PERFORMANCE MEASURES

Ascential 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 result 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.

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.

ASCENTIAL

Organic growth for continuing operations is calculated as follows:

2019 **£'m**	**Product Design**	**Marketing**	**Sales**	**Built Environment & Policy**	**Corporate Costs**	**Continuing operations**
Revenue						
2019 - reported	*86.5*	*135.9*	*158.4*	*35.9*	*(0.5)*	***416.2***
Exclude acquisitions	(1.5)	(6.4)	(33.8)	-	-	(41.7)
2019 – Organic basis	85.0	129.5	124.6	35.9	(0.5)	374.5
Organic revenue growth	*8%*	*9%*	*3%*	*5%*		*6.4%*
2018 - reported	*77.8*	*116.3*	*120.9*	*34.3*	*(0.8)*	*348.5*
Exclude acquisitions	*-*	*-*	*(2.5)*	*-*	*-*	*(2.5)*
Currency adjustment	*1.0*	*3.0*	*2.1*	*-*	*-*	*6.1*
2018 – Organic basis	*78.8*	*119.3*	*120.5*	*34.3*	*(0.8)*	*352.0*
Adjusted EBITDA						
2019 – reported	*36.0*	*50.7*	*39.6*	*17.0*	*(14.8)*	***128.5***
Exclude acquisitions	*(0.6)*	*(1.0)*	*(9.8)*	*-*	*-*	*(11.5)*
2019 – Organic basis	*35.4*	*49.7*	*29.8*	*17.0*	*(14.8)*	*117.0*
Organic EBITDA growth	18%	20%	(24%)	19%	(2%)	6.2%
*2018 – as restated**	*29.9*	*40.5*	*38.3*	*14.3*	*(14.6)*	*108.4*
Currency adjustment	*-*	*0.9*	*0.9*	*-*	*-*	*1.8*
2018 – Organic basis	*29.9*	*41.4*	*39.2*	*14.3*	*(14.6)*	*110.2*

*Restated for initial application of IFRS 16 (see Note 7).

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 a measure of the rate of growth of the brands owned today. Proforma growth is calculated as follows:

2019 **£'m**	**Product Design**	**Marketing**	**Sales**	**Built Environment & Policy**	**Corporate Costs**	**Continuing operations**
Revenue						
2019 - reported	*86.5*	*135.9*	*158.4*	*35.9*	*(0.5)*	***416.2***
Include acquisitions	*3.0*	*-*	*3.3*	*-*	*-*	*6.3*
2019 – Proforma basis	*89.5*	*135.9*	*161.7*	*35.9*	*(0.5)*	*422.5*
Proforma revenue growth	*8%*	*9%*	*11%*	*5%*		*9.0%*
2018 - reported	77.8	116.3	120.9	34.3	(0.8)	348.5
Include acquisitions	*4.3*	*5.6*	*24.6*	*-*	*-*	*34.4*
Exclude acquisitions	*-*	*-*	*(2.5)*	*-*	*-*	*(2.5)*
Currency adjustment	*1.1*	*3.2*	*2.9*	*-*	*-*	*7.1*
2018 – Proforma basis	*83.2*	*125.0*	*145.8*	*34.3*	*(0.8)*	*387.5*
Adjusted EBITDA						
2019 – reported	*36.0*	*50.7*	*39.6*	*17.0*	*(14.8)*	***128.5***
Include acquisitions	*1.1*	*-*	*-*	*-*	*-*	*1.1*
2019 – Proforma basis	*37.1*	*50.7*	*39.6*	*17.0*	*(14.8)*	*129.6*
Proforma EBITDA growth	*18%*	*19%*	*(14%)*	*19%*	*(1%)*	*8.5%*
*2018 – as restated**	*29.9*	*40.5*	*38.3*	*14.3*	*(14.6)*	*108.4*
Include acquisitions	*1.5*	*1.0*	*6.4*	*-*	*-*	*8.8*
Currency Adjustment	*0.1*	*1.0*	*1.2*	*-*	*-*	*2.2*
2018 – Proforma basis	*31.4*	*42.5*	*45.8*	*14.3*	*(14.6)*	*119.4*

*Restated for initial application of IFRS 16 (see Note 7).

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.

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 position as these types of cost do not form part of the underlying business.

Amortisation of intangible assets acquired through business combinations and interests in associates

Charges for amortisation of acquired intangibles arise from the purchase consideration of a number of separate acquisitions and interests in associates. 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

Ascential runs a number of employee share schemes. Income statement charges are a significant non-cash charge and are driven by a valuation model which references Ascential share price and so is subject to volatility rather than referencing operational activity.

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, namely 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	2019	2018*
Cash generated from operations	**90.4**	84.4
Less: cash generated from discontinued operations	-	(3.4)
Add back: acquisition-related contingent employment cash flow	**11.5**	21.0
Add back: other exceptional cash flow	**11.3**	12.4
Adjusted cash generated from operations	**113.2**	114.4

*Restated for initial application of IFRS 16 (see Note 7).

£'m	2019	2018*
Net cash from operating activities	**87.2**	72.2
Less: cash generated from discontinued operations	-	(2.1)
Add back: acquisition-related contingent employment cash flow	**11.5**	21.0
Add back: other exceptional cash flow	**11.3**	12.4
Less: capital expenditure	**(18.5)**	(18.7)
Free cash flow	**91.5**	84.8

*Restated for initial application of IFRS 16 (see Note 7).

£'m	2019	2018*
Adjusted cash generated from operations	**113.2**	114.4
EBITDA	**128.5**	108.4
Operating cash conversion	**88%**	106%

*Restated for initial application of IFRS 16 (see Note 7).

£'m	2019	2018*
Free cash flow	**91.5**	84.8
EBITDA	**128.5**	108.4
Free cash flow conversion	**71%**	78%

*Restated for initial application of IFRS 16 (see Note 7).

The Company monitors its operational balance sheet efficiency with reference to Operating Cash Conversion and Free Cash Flow.

Glossary of alternative performance measures

Term	Description
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 or disposals were all made on the first day of the comparative accounting period
Proforma EBITDA growth	Adjusted EBITDA growth on a like-for-like basis assuming the Company's acquisitions or disposals were all made on the first day of the comparative accounting period
Exceptional items	Items within Operating profit / (loss) separately identified in accordance with Group accounting policies
Adjusting items	Exceptional items, Amortisation of intangible assets acquired through business combinations and investments in associates, Share-based payments, Gains and losses on disposal and Tax related thereto
Adjusted operating profit / (loss)	Operating profit / (loss) excluding Adjusting items
Adjusted EBITDA	Adjusted operating profit / (loss) excluding depreciation and amortisation
Adjusted EBITDA margin	Adjusted EBITDA as a percentage of Revenue
Adjusted profit / (loss) before tax	Profit / (loss) before tax excluding Adjusting items
Adjusted tax charge	Tax charge excluding Adjusting items
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 / (loss) for the period
Adjusted cash generated from continuing operations	Cash generated from operations with cash generated from discontinued operations, acquisition related contingent consideration and other exceptional cash flows excluded.
Operating cash conversion	Adjusted cash generated from continuing operations expressed as a percentage of Adjusted EBITDA.
Free cash flow	Net cash generated from operating activities including capital expenditure. Net cash generated from discontinued operations, acquisition-related contingent consideration and other exceptional cash flow are excluded.
Leverage	The ratio of Net debt to Adjusted EBITDA before, in both cases, accounting for the impact of IFRS 16
Net debt	Net debt comprises cash and cash equivalents and external borrowings. Net debt excludes lease liabilities.

ASCENTIAL

Consolidated Statement of Profit or Loss

For the year ended 31 December 2019

(£ million)	Note	2019 Adjusted results	2019 Adjusting items	2019 Total	Restated* 2018 Adjusted results	Restated* 2018 Adjusting items	Restated* 2018 Total
Continuing operations							
Revenue	3	**416.2**	-	**416.2**	348.5	-	348.5
Cost of sales		**(151.9)**	-	**(151.9)**	(125.2)	-	(125.2)
Sales, marketing and administrative expenses		**(158.5)**	**(85.9)**	**(244.4)**	(131.1)	(50.8)	(181.9)
Operating profit / (loss)		**105.8**	**(85.9)**	**19.9**	92.2	(50.8)	41.4
Adjusted EBITDA	3	**128.5**	-	**128.5**	108.4	-	108.4
Depreciation and amortisation	3	**(22.7)**	**(35.8)**	**(58.5)**	(16.2)	(30.6)	(46.8)
Exceptional items	4	-	**(41.6)**	**(41.6)**	-	(14.0)	(14.0)
Share-based payments		-	**(8.5)**	**(8.5)**	-	(6.2)	(6.2)
Operating profit / (loss)		**105.8**	**(85.9)**	**19.9**	92.2	(50.8)	41.4
Share of the profit / (loss) of associates and joint ventures accounted for using the equity method	8	**0.9**	**(0.3)**	**0.6**	0.6	-	0.6
Finance costs	5	**(14.8)**	-	**(14.8)**	(13.7)	-	(13.7)
Finance income	5	**4.5**	-	**4.5**	0.6	-	0.6
Profit / (loss) before taxation		**96.4**	**(86.2)**	**10.2**	79.7	(50.8)	28.9
Taxation	6	**(20.6)**	**18.5**	**(2.1)**	(17.8)	8.9	(8.9)
Profit / (loss) from continuing operations		**75.8**	**(67.7)**	**8.1**	61.9	(41.9)	20.0
Discontinued operations							
Profit from discontinued operations, net of tax		-	-	-	15.5	173.7	189.2
Profit for the year		**75.8**	**(67.7)**	**8.1**	77.4	131.8	209.2
Profit attributable to:							
Owners of the company		**75.6**	**(67.7)**	**7.9**	77.4	131.8	209.2
Non-controlling interest		**0.2**	-	**0.2**	-	-	-
Earnings / (loss) per share (pence)							
Continuing operations							
- Basic	10	**18.8**	**(16.8)**	**2.0**	15.5	(10.5)	5.0
- Diluted	10	**18.5**	**(16.6)**	**1.9**	15.3	(10.5)	4.8
Continuing and discontinued operations							
- Basic	10	**18.8**	**(16.8)**	**2.0**	19.3	32.9	52.2
- Diluted	10	**18.5**	**(16.6)**	**1.9**	19.1	32.3	51.4

*Restated for initial application of IFRS 16 (see Note 7).

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Consolidated Statement of Other Comprehensive Income

For the year ended 31 December 2019

	2019			Restated* 2018		
(£ million)	Adjusted results	Adjusting items	Total	Adjusted results	Adjusting items	Total
Profit / (loss) for the year	**75.8**	**(67.7)**	**8.1**	77.4	131.8	209.2
Other comprehensive (expense) / income						
Items that may be reclassified subsequently to profit or loss:						
Foreign exchange translation differences recognised in equity	**(8.2)**	**-**	**(8.2)**	8.5	-	8.5
Cumulative currency translation differences on disposals	**-**	**-**	**-**	-	2.4	2.4
Total other comprehensive (expense) / income, net of tax	**(8.2)**	**-**	**(8.2)**	8.5	2.4	10.9
Total comprehensive income / (expense) for the year	**67.6**	**(67.7)**	**(0.1)**	85.9	134.2	220.1

*Restated for initial application of IFRS 16 (see Note 7).

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Consolidated Statement of Financial Position

As at 31 December 2019

(£ million)	Note	2019	Restated* 2018
Assets			
Non-current assets			
Goodwill		**512.9**	505.1
Intangible assets		**247.8**	280.9
Property, plant and equipment		**8.4**	9.2
Right of use assets	7	**21.6**	23.3
Investments	8	**67.6**	6.1
Investment property	7	**2.1**	2.7
Deferred tax assets	14	**42.7**	43.1
Other investments, including derivatives		**0.3**	-
		903.4	870.4
Current assets			
Inventories		**4.1**	3.9
Trade and other receivables		**141.4**	113.2
Other investments, including derivatives		**1.4**	-
Cash and cash equivalents		**111.7**	182.0
		258.6	299.1
Total assets		**1,162.0**	1,169.5
Liabilities			
Current liabilities			
Trade and other payables		**85.7**	78.1
Deferred income		**98.5**	90.6
Deferred and contingent consideration	12	**63.1**	32.3
Lease liabilities	7	**9.4**	9.0
Current tax liabilities		**6.1**	6.0
Provisions		**1.0**	2.8
		263.8	218.8
Non-current liabilities			
Deferred income		**0.7**	0.6
Deferred and contingent consideration		**40.1**	64.4
Lease liabilities	12	**17.4**	20.4
External borrowings	13	**282.6**	291.8
Deferred tax liabilities	14	**22.9**	24.8
Provisions		**2.4**	3.2
		366.1	405.2
Total liabilities		**629.9**	624.0
Net assets		**532.1**	545.5
Equity			
Share capital		**4.0**	4.0
Share premium		**1.7**	0.5
Merger reserve		**9.2**	9.2
Group restructure reserve		**157.9**	157.9
Translation reserve		**(35.2)**	(27.0)
Treasury share reserve		**(0.1)**	(0.1)
Retained earnings		**394.0**	401.0
Non-controlling interest		**0.6**	-
Total equity		**532.1**	545.5

*Restated for initial application of IFRS 16 (see Note 7).

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Consolidated Statement of Changes in Equity

For the year ended 31 December 2019

(£ million)	Attributable to owners of the Company								
	Share capital	Share premium	Merger reserve	Group restructure reserve	Translation reserve	Treasury share reserve	Retained earnings*	Non-controlling interest	Total Equity
At 1 January 2018	**4.0**	**0.1**	**9.2**	**157.9**	**(37.9)**	**(0.1)**	**209.8**	**-**	**343.0**
Adjustment on initial application of IFRS 16, net of tax	-	-	-	-	-	-	(1.3)	-	(1.3)
Restated balance at 1 January 2018	**4.0**	**0.1**	**9.2**	**157.9**	**(37.9)**	**(0.1)**	**208.5**	**-**	**341.7**
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)**	**401.0**	**-**	**545.5**
Profit for the year	-	-	-	-	-	-	7.9	0.2	8.1
Other comprehensive income	-	-	-	-	(8.2)	-	-	-	(8.2)
Total comprehensive income	-	-	-	-	(8.2)	-	7.9	0.2	(0.1)
Issue of shares	-	1.2	-	-	-	-	-	-	1.2
Acquisition of subsidiary with non-controlling interest	-	-	-	-	-	-	-	0.4	0.4
Share-based payments	-	-	-	-	-	-	7.7	-	7.7
Taxation on share-based payments	-	-	-	-	-	-	0.3	-	0.3
Dividends paid	-	-	-	-	-	-	(22.9)	-	(22.9)
At 31 December 2019	**4.0**	**1.7**	**9.2**	**157.9**	**(35.2)**	**(0.1)**	**394.0**	**0.6**	**532.1**

*Restated for initial application of IFRS 16 (see Note 7).

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Consolidated Statement of Cash Flows

For the year ended 31 December 2019

(£ million)	Note	2019	Restated* 2018
Cash flow from operating activities			
Profit before taxation on continuing operations		**10.2**	28.9
Profit before taxation on discontinued operations		-	192.6
Adjustments for:			
Amortisation of acquired intangible assets		**35.8**	33.7
Amortisation of software intangible assets		**11.6**	7.6
Amortisation of right of use asset	7	**7.3**	5.4
Depreciation of property, plant and equipment		**3.8**	3.5
Gain on disposal of business operations and investments		-	(180.6)
Acquisition-related employment costs and revaluation of contingent consideration	12	**33.1**	8.1
Share-based payments		**8.5**	6.5
Share of the profit of associates and joint ventures accounted for using the equity method		**(0.6)**	(0.6)
Net finance costs	5	**10.3**	13.1
Cash generated from operations before changes in working capital and provisions		**120.0**	118.2
Changes in:			
Inventories		**(0.3)**	2.6
Trade and other receivables		**(25.2)**	(8.6)
Trade and other payables, net of interest payable		**(1.3)**	(26.7)
Provisions		**(2.8)**	(1.1)
Cash generated from operations		**90.4**	84.4
Cash generated from operations before exceptional operating items		**113.2**	114.4
Cash inflows for discontinued operations		-	3.4
Cash outflows for acquisition-related contingent employment cost	12	**(11.5)**	(21.0)
Cash flows for other exceptional operating items		**(11.3)**	(12.4)
Cash generated from operations		**90.4**	84.4
Tax paid		**(3.2)**	(12.2)
Net cash generated from operating activities		**87.2**	72.2
Cash flow from investing activities			
Acquisition of businesses net of cash acquired	11	**(16.8)**	(97.7)
Deferred and contingent consideration cash paid in the year	12	**(20.3)**	(37.7)
Acquisition of investments	8	**(64.5)**	(0.7)
Acquisition of software intangibles and property, plant and equipment		**(18.5)**	(18.7)
Disposal of businesses net of cash disposed of		**(2.3)**	290.0
Net cash used in investing activities		**(122.4)**	135.2
Cash flow from financing activities			
Proceeds from external borrowings		-	32.4
Repayment of external borrowings		-	(66.0)
Proceeds from issue of shares		**1.2**	0.4
Interest paid		**(6.2)**	(6.9)
Lease liabilities paid	7	**(9.0)**	(7.7)
Dividends paid to shareholders	9	**(22.9)**	(22.8)
Net cash used in financing activities		**(36.9)**	(70.6)
Net (decrease) / increase in cash and cash equivalents		**(72.1)**	136.8
Cash and cash equivalents at 1 January		**182.0**	45.8
Effect of exchange rate changes		**1.8**	(0.6)
Cash and cash equivalents at 31 December		**111.7**	182.0

*Restated for initial application of IFRS 16 (see Note 7).

Notes to the Financial Statements

For the year ended 31 December 2019

1. Basis of preparation and accounting policies

Basis of preparation

The preliminary announcement for the year ended 31 December 2019, 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 in this announcement does not constitute the Company's statutory accounts for the year ended 31 December 2019. Statutory accounts for 2018 have been delivered to the registrar of companies, and those for 2019 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 in millions 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 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. 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.

Accounting developments and changes

IFRS 16 is effective from 1 January 2019. The impact is described below.

IFRS 16 "Leases"

The Group has adopted IFRS 16 Leases from 1 January 2019. IFRS 16 introduced a single, on-balance sheet accounting model for lessees. As a result, the Group, as a lessee, has recognised right of use of assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments. The Group has applied IFRS 16 fully and retrospectively. The results for the year ended 31 December 2018 have been restated for the initial application of IFRS 16. The impact of IFRS 16 on consolidated financial statements is shown in Note 7. The standard includes an exemption for leases of low-value assets and short-term leases. The Group has elected to take both exemptions.

The details of changes in accounting policies as a result of IFRS 16 are as follows.

Definition of a lease

Previously, the Group determined at contract inception whether an arrangement contained a lease under IFRIC 4. The Group now assesses whether a contract is or contains a lease based on the new definition of a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

On transition to IFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions were leases and applied IFRS 16 only to contracts that were previously identified as leases. Contracts

that were not identified as a lease under IAS 17 and IFRIC 4 were not reassessed. Therefore, the definition of a lease under IFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

As a lessee
The Group leases commercial office space and photocopiers. The Group has elected not to recognise right of use assets and lease liabilities for some leases of low-value (photocopiers). The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term. The Group presents right of use assets that do not meet the definition of investment property as a separate line item on the consolidated statement of financial position.

The Group recognises a right of use asset and lease liability at the lease commencement date.

The right of use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date and are discounted using the Group's incremental borrowing rate. The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The Group has applied judgement to determine the lease term for some lease contracts that include renewal options. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right of use assets recognised.

The Group has applied the exemption not to recognise right of use assets and liabilities for leases with less than twelve months of lease term.

As a lessor
The Group sub-leases some of its properties. Under IAS 17, the head lease and sub lease contracts were classified as operating leases. On transition to IFRS 16, the right-of use assets recognised from the head lease are presented in investment property and measured at fair value on transition to IFRS 16. The sub-lease contracts are classified as operating leases under IFRS 16.

Impacts for the year
The impact of initially applying IFRS 16 is shown in Note 7 and segmental information is shown in Note 3.

No depreciation is recognised for the right of use assets that meet the definition of investment property.

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

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 11)

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 11; 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 both the future performance of the acquired business and also 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.

Deferred tax (Note 14)
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.

Non-financial assets recoverable amount
Recoverable amount is the higher of value in use or fair value less costs of disposal. Determination of these amounts is based upon multiple judgements and estimates, including a forecast of future cash flows and judgements surrounding the appropriate discount rates to apply, terminal growth rates or potential transaction multiples.

3. Operating Segments

The Group has four reportable segments that are used to present information to the Board (Chief Operating Decision Maker) on a monthly basis. 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, Retail Week and World Retail Congress, Yimian)
- Built Environment & Policy: Political, construction and environment intelligence brands (Groundsure, Glenigan, DeHavilland)

In addition, the discontinued operations reported in the 2018 comparatives represent the Exhibitions business, which was sold on 17 July 2018.

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 2019

(£ million)	Product Design	Marketing	Sales	Built Environment & Policy	Corporate costs*	Continuing operations total
Revenue	86.5	135.9	158.4	35.9	(0.5)	416.2
Adjusted EBITDA	36.0	50.7	39.6	17.0	(14.8)	128.5
Depreciation and software amortisation	(4.2)	(7.5)	(6.6)	(0.9)	(3.5)	(22.7)
Adjusted operating profit	**31.8**	**43.2**	**33.0**	**16.1**	**(18.3)**	**105.8**
Amortisation of acquired intangible assets						(35.8)
Exceptional items						(41.6)
Share-based payments						(8.5)
Operating profit						**19.9**
Share of net profit in equity-accounted investee						0.6
Finance costs						(14.8)
Finance income						4.5
Profit before tax						**10.2**

*Corporate costs include a £0.5m elimination for intercompany trading.

Year ended 31 December 2018, restated*

(£ 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 as reported	28.1	38.9	36.9	14.0	(16.1)	101.8	19.8	121.6
IFRS 16 application	1.8	1.6	1.4	0.3	1.5	6.6	-	6.6
Adjusted EBITDA as restated	29.9	40.5	38.3	14.3	(14.6)	108.4	19.8	128.2
Depreciation and software amortisation as reported	(1.8)	(4.1)	(2.1)	(0.5)	(2.3)	(10.8)	(0.3)	(11.1)
IFRS 16 application of amortisation of right of use asset	(2.2)	(1.4)	(0.9)	(0.2)	(0.7)	(5.4)	-	(5.4)
Adjusted operating profit	**25.9**	**35.0**	**35.3**	**13.6**	**(17.6)**	**92.2**	**19.5**	**111.7**
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						**41.4**	**192.6**	**234.0**
Share of net profit in equity-accounted investee						0.6	-	0.6
Finance costs						(13.7)	-	(13.7)
Finance income						0.6	-	0.6
Profit before tax						**28.9**	**192.6**	**221.5**

* Restated for initial application of IFRS 16 (see Note 7).
**Corporate costs include a £0.8m elimination for intercompany trading.

Exceptional items of £41.6m (2018: £14.0m) include £nil (2018: £0.3m), £3.5m income (2018: £1.3m), £37.3m (2018: £14.7m), £0.6m (2018: £0.3m) and £0.2m (2018: £nil) which are attributable to Product Design, Marketing, Sales, Built Environment & Policy and Corporate costs respectively. Finance costs, finance income, share of net profit in equity accounted investees and share-based payments are not allocated to segments, as these types of activity are driven by the Group corporate function.

Revenue and non-current assets by location

The revenue analysis is based on the location of customers. Non-current assets analysis (excluding deferred tax and financial instruments) is based on geographical location of the business.

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 £2.6m for the year ended 31 December 2019 (2018: £0.9m).

	Revenue		Non-current assets*	
(£ million)	**2019**	2018	**2019**	2018
United Kingdom	**90.5**	81.0	**413.7**	390.1
Other Europe	**65.4**	56.1	**95.9**	106.7
United States and Canada	**191.7**	149.0	**320.9**	322.7
Asia Pacific	**44.3**	40.1	**27.9**	5.9
Middle East and Africa	**8.8**	8.4	**-**	-
Latin America	**15.5**	13.9	**2.3**	1.9
Total	**416.2**	348.5	**860.7**	827.3

*Non-current assets exclude deferred tax assets of £42.7m (2018: £43.1m) and other investments, including derivatives of £0.3m (2018: £nil). Restated for initial application of IFRS 16 (see Note 7).

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.

Disaggregation of revenue

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

(£ million)	**Timing of revenue recognition**	**2019**	2018**
Subscriptions	Over time	77.5	70.6
Advisory	Over time	6.7	4.6
Transactions	Point in time	2.3	2.6
Product Design		**86.5**	77.8
Event related revenues*	Point in time	70.7	60.0
Subscriptions	Over time	15.4	8.7
Advisory	Over time	49.8	47.6
Marketing		**135.9**	116.3
Event related revenues*	Point in time	66.3	67.5
Subscriptions	Over time	62.2	45.6
Transactions	Point in time	24.7	3.5
Advisory	Over time	5.2	4.3
Sales		**158.4**	120.9
Subscriptions	Over time	15.2	14.3
Advisory	Over time	0.5	1.0
Transactions	Point in time	20.2	19.0
Built Environment and Policy		**35.9**	34.3
Intercompany sales		(0.5)	(0.8)
Revenue from continuing operations		**416.2**	348.5

*Event related revenues include Delegate fees, Stand Space, Sponsorship and Award entries.
**Restated for initial application of IFRS 16 (see Note 7).

Contract balances

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

(£ million)	Note	**2019**	**2018**
Receivables, which are included in "Trade and other receivables"		74.3	64.2
Contract assets - accrued income		4.7	7.4
Contract liabilities – deferred income		99.2	91.2

Seasonality of operations
The Group's results of operations are impacted by seasonality. Marketing revenue is particularly seasonal, with revenue typically reaching its highest levels during the first half of each calendar year when Cannes Lions take place. Product Design primarily generates subscription revenue which is recognised over the life of the subscription contract. Consequently, there is less seasonal fluctuation in the revenue of this reportable segment.

4. Adjusting items

Adjusting items are those which are considered significant by virtue of their nature, size or incidence and are presented separately in the consolidated statement of profit and loss to enable a full understanding of the Group's financial performance. Adjusting items are not a defined term under IFRS and include the share-based payment charge, amortisation of intangibles acquired through business combinations and exceptional items such as costs incurred for acquisitions and disposals, integration, non-recurring business restructuring and capital restructuring.

Adjusting items included in continuing operating profit are:

(£ million)	Note	**2019**	2018
Acquisition-related expenses	12	**33.1**	8.1
Acquisition transaction and integration costs		**8.5**	5.9
Exceptional items		**41.6**	14.0
Amortisation of acquired intangible assets		**35.8**	30.6
Share-based payments		**8.5**	6.2
Adjusting items in continuing operating profit		**85.9**	50.8

Acquisition-related expenses include payments for deferred consideration agreed as part of the acquisition but linked to ongoing employment of £20.1m (2018: £13.3m) and a revaluation of contingent consideration of £13.0m (2018: £5.2m revaluation credit). 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. Acquisition transaction costs include directly linked transaction costs such as legal and diligence fees 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.

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5. Finance costs and finance income

(£ million)	Note	2019	Restated* 2018
Interest on bank deposits		**0.9**	0.6
Foreign exchange gain on borrowings		**0.1**	-
Remeasurement of trade investments to fair value		**1.6**	-
Foreign exchange gain on cash and cash equivalents		**1.9**	-
Finance income		**4.5**	0.6
Interest payable on external borrowings		**(6.8)**	(7.1)
Amortisation of loan arrangement fees		**(1.1)**	(1.2)
Foreign exchange loss on cash and cash equivalents		**-**	(0.6)
Discount unwind on contingent and deferred consideration	12	**(5.5)**	(3.6)
Discount unwind of lease liability	7	**(1.3)**	(1.2)
Discount unwind of property provisions		**(0.1)**	-
Finance costs		**(14.8)**	**(13.7)**
Net finance costs from continuing operations		**(10.3)**	**(13.1)**

*Restated for initial application of IFRS 16 (see Note 7).

6. Tax on profit on ordinary activities

The tax charge has been calculated by applying the full year rate to the results for the year, with specific tax adjustments for adjusting items (amortisation of acquired intangible assets, share based payments and exceptional items). The tax charge for the year comprises:

(£ million)	2019	Restated* 2018
Current tax		
UK current tax charge on income for the year at 19.0%	**6.7**	6.5
Overseas current tax charge on income for the year	**2.3**	2.2
Adjustments in respect of prior years	**(2.6)**	(1.9)
Total current tax charge	**6.4**	6.8
Deferred tax		
Current year	**(3.2)**	1.2
Adjustments in respect of prior years	**(1.1)**	0.9
Total deferred tax (credit) / charge	**(4.3)**	2.1
Total tax charge from continuing operations	**2.1**	8.9
Total effective tax rate	**21%**	**31%**

*Restated for initial application of IFRS 16 (see Note 7).

The effective tax rate on adjusted continuing profit before tax for the year to 31 December 2019 was 21% (2018: 22%). A tax credit of £18.5m was recorded in relation to adjusting items in 2019 (2018: £8.9m). During 2019 the following was recognised in equity relating to share-based payments.

(£ million)	2019	2018
Current tax credit	**0.5**	-
Deferred tax (charge) / credit	**(0.2)**	0.4
Total credit recognised in equity	**0.3**	**0.4**

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:

(£ million)	2019 Adjusted profit / tax	2019 Adjusting items/tax	2019 Total profit / tax	2018 Adjusted profit / tax	2018 Adjusting items / tax	2018 Total profit/ tax
Profit before tax	**96.4**	**(86.2)**	**10.2**	79.7	(50.8)	28.9
Expected tax charge / (credit) at the UK standard rate of 19.0%	**18.3**	**(16.4)**	**1.9**	15.1	(9.7)	5.4
Principal differences due to:						
Impact of higher overseas tax rates	**3.4**	**(3.2)**	**0.2**	3.3	(1.6)	1.7
Trading losses not recognised for deferred tax purposes	**5.3**	**-**	**5.3**	1.1	-	1.1
Recognition of previously unrecognised trading losses	**-**	**-**	-	(1.5)	-	(1.5)
Non-deductible legal, professional and M&A costs	**-**	**0.4**	**0.4**	0.8	1.4	2.2
Non-deductible share-based payments expense	**-**	**0.7**	**0.7**	-	0.4	0.4
Non-taxable/deductible exchange (gains)/losses	**(2.7)**	-	**(2.7)**	0.6	-	0.6
Adjustments in respect of prior years	**(3.7)**	-	**(3.7)**	(1.6)	0.6	(1.0)
Total tax charge / (credit) for the year	**20.6**	**(18.5)**	**2.1**	17.8	(8.9)	8.9
Effective tax rate	**21%**	**21%**	**21%**	22%	18%	31%

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

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. Leases

The results for the year ending 31 December 2018 have been restated for the initial application of IFRS 16. The impact of on the continuing consolidated financial statements is shown below. Discontinued operations have not been restated for the impact of IFRS 16.

(£ million)	2019	2018
Consolidated Statement of Financial Position		
Non-current assets		
Right of use assets	21.6	23.3
Deferred tax assets	0.3	0.3
Investment property	2.1	2.7
Current assets		
Trade and other receivables	(0.9)	(1.2)
Current liabilities		
Trade and other payables	2.3	3.0
Lease liabilities	(9.4)	(9.0)
Non-current liabilities		
Lease liabilities	(17.4)	(20.4)
Net liability and adjustment to Retained Earnings on initial application of IFRS 16	**(1.4)**	**(1.3)**

(£ million)	2019	2018
Operating profit	8.5	6.6
Depreciation	(7.3)	(5.4)
Finance costs	(1.3)	(1.2)
Loss for the year	**(0.1)**	-
Cash generated from operations	9.0	7.7
Cash flow from financing activities	(9.0)	(7.7)
Net change in cash and cash equivalents	-	-

Leases as lessee

The Group leases commercial office space and photocopiers. Previously, theses leases were classified as operating leases under IAS 17. Information about leases for which the Group is a lessee is presented below.

Right-of-use assets

Right of use assets are presented as a separate line item on the statement of financial position and tabulated below.

Reconciliation of carrying amount

(£ million)	Right-of-use assets
Cost	
At 1 January 2019	-
Recognition of right-of-use assets on initial application of IFRS 16	43.1
Adjusted balance at 1 January 2019	43.1
Additions	6.8
De-recognition of right-of-use assets	(0.9)
Effect of movements in exchange rates	(1.0)
At 31 December 2019	**48.0**
Depreciation	
At 1 January 2019	-
Recognition of right-of-use assets on initial application of IFRS 16	**(19.9)**
Adjusted balance at 1 January 2019	(19.9)

Depreciation	(7.3)
De-recognition of right-of-use assets	0.3
Effect of movements in exchange rates	0.5
At 31 December 2019	**(26.4)**
Net book value	
At 31 December 2019	**21.6**
At 31 December 2018	-

*Derecognition of the right-of-use assets during 2019 is as a result of negotiating an early termination of a contract.

Extension options

Some property leases contain extension options after the non-cancellable contract period. The Group assesses at lease commencement date whether it is reasonably certain to exercise these options, and if so, the optional period is included within the lease term and therefore the calculation of the lease liability. The Group reassesses whether is it reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

The Group has estimated that the potential future lease payments, should it exercise all the extension options, would result in an increase in lease liability of £5.0m.

Leases as lessor

On transition to IFRS 16, the Group has reassessed the classification of sub-leases of certain properties which were all classified as operating leases under IAS 17 and they have been classified as finance leases. The Group has therefore recognised the net investment in the sub-lease within investment property. The following table sets out a maturity analysis of the lease receivables, showing the undiscounted lease payments to be received after the reporting date.

(£ million)	**2019**	**2018**
Less than one year	**1.1**	**1.0**
One to two years	**1.0**	**1.1**
Two to three years	**0.2**	**0.9**
Three to four years	**-**	**0.2**
Total undiscounted leases receivable	**2.3**	**3.2**
Unearned finance income	**(0.2)**	**(0.5)**
Net investment in the leases	**2.1**	**2.7**

The net investment in the lease is presented within Investment property in the statement of financial position. The following presents the reconciliation of the investment property:

(£ million)	**2019**	**2018**
Balance at 1 January	**2.7**	**-**
Recognition of investment property on initial application of IFRS 16	**-**	**3.2**
Adjusted balance at 1 January	**2.7**	**3.2**
Additions	**-**	**0.2**
Payments	**(0.7)**	**(1.0)**
Interest	**0.1**	**0.3**
Balance at 31 December	**2.1**	**2.7**

8. Investments

(£ million)	2019	2018
At 1 January	**6.1**	5.1
Acquisition of investments cash flow	**64.5**	0.7
Remeasurement of trade investments to fair value	**1.6**	-
Share of the profit of associates and joint ventures accounted for using the equity method	**0.6**	0.6
Transaction costs capitalised	**1.8**	-
Dividends received from joint ventures	**(0.5)**	-
Disposal of investments	**(1.6)**	(0.2)
Write-off	-	(0.1)
Effect of movements in exchange rates	**(4.9)**	-
At 31 December	**67.6**	6.1

Investments as at 31 December 2019 are made up as follows:

(£ million)	2019	2018
Trade investments measured at fair value through profit or loss	**12.3**	0.8
Associates and joint ventures accounted for using the equity method	**53.3**	0.9
Convertible Loan*	**2.0**	4.4
At 31 December 2018	**67.6**	6.1

*The option to convert the loan into equity in a new associated company was exercised in part in the second half of 2019. The remaining balance of the loan is expected to be exercised in the first half of 2020.

On 30 August 2019, the group acquired an initial 35% ownership interest in Jumpshot Inc, the marketing analytics subsidiary of Avast plc, a leading global cybersecurity provider. Subject to certain conditions, and no sooner than January 2021, the group also had an option to take a majority ownership position in Jumpshot. At 31 December 2019 the options for majority ownership remained executory contracts. On 30 January 2020, we agreed to sell our 35% ownership interest in Jumpshot back to the majority owner, Avast plc for cash consideration equivalent to the cost of investment as disclosed in Note 15.

On 1 September 2019, the group increased its shareholding from 49% to 51% in CTIC WGSN China Limited and gained a majority voting rights at the Board of directors. The joint venture interest was revalued to fair value resulting in step acquisition gain of £0.8m and then de-recognised. The group consolidated the 51% controlling interest on 1st September 2019 and recognised a 49% non-controlling interest. A £0.5m dividend from CTIC WGSN China Limited was declared prior to acquisition and received shortly thereafter. The following table summarises the financial information of the Group's associates.

(£ million)	Jumpshot Inc
Nature of investment	Associate
Acquisition date	31 August 2019
Country of incorporation	USA
Percentage ownership interest	35.2%
Non-current assets	7.2
Current assets	14.6
Non-current liabilities	(13.9)
Current liabilities	(0.3)
Net assets (100%)	**7.6**
Group's share of net assets	2.7
Goodwill and acquired intangible assets	48.6
Carrying amount of interest in investment	**51.3**
Revenue	10.6
Depreciation and amortisation	(0.3)
Profit and total comprehensive income (100%)	(1.4)
Group's share of loss and total comprehensive loss	**(0.5)**
Dividends received by the Group	-

9. Dividends

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

	2019		2018	
	£ million	Pence per share	£ million	Pence per share
Amounts recognised as distributions to equity shareholders				
Final dividend for the year-ended 31 December 2017	-	-	15.2	3.8
Interim dividend for the year-ended 31 December 2018	-	-	7.6	1.9
Final dividend for the year ended 31 December 2018	**15.7**	**3.9**	-	-
Interim dividend for the year ended 31 December 2019	**7.2**	**1.8**	-	-
Dividend paid	**22.9**	**5.7**	22.8	5.7

After the reporting date, the Board recommended, subject to shareholder approval, a final dividend of 4.0 pence per ordinary share from distributable reserves. The final dividend is not included in the condensed consolidated statement of financial position as a liability at 31 December 2019.

10. 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.

	2019			2018		
	Adjusted results	**Adjusting items**	**Total**	Adjusted results	Adjusting items	Total
Profit attributable to equity shareholders of the Parent (£ million)						
Profit for the year – continuing operations	**75.6**	**(67.7)**	**7.9**	61.9	(41.9)	20.0
Profit for the year – discontinued operations	-	-	-	15.5	173.7	189.2
Profit for the year	**75.6**	**(67.7)**	**7.9**	77.4	131.8	209.2
Share number (million)						
Basic weighted average number of shares	**401.4**	**401.4**	**401.4**	400.3	400.3	400.3
Dilutive potential ordinary shares	**6.2**	**6.2**	**6.2**	5.2	5.2	5.2
Diluted weighted average number of shares	**407.6**	**407.6**	**407.6**	405.5	405.5	405.5
Earnings per share (pence)						
Continuing operations						
Basic earnings per share	**18.8**	**(16.8)**	**2.0**	15.5	(10.5)	5.0
Diluted earnings per share	**18.5**	**(16.6)**	**1.9**	15.3	(10.5)	4.8
Discontinued operations						
Basic earnings per share	-	-	-	3.8	43.4	47.2
Diluted earnings per share	-	-	-	3.8	42.8	46.6
Continuing and discontinued operations						
Basic earnings per share	**18.8**	**(16.8)**	**2.0**	19.3	32.9	52.2
Diluted earnings per share	**18.5**	**(16.6)**	**1.9**	19.1	32.3	51.4

11. Business combinations

Shenzhen Yimian Network Technology Co., Ltd

In December 2019, the Group acquired 100% of Shenzhen Yimian Network Technology Co., Ltd ("Yimian"), a limited liability company established under the laws of the People's Republic of China. The Group paid cash consideration of £19.5m upfront and consolidated £0.8m of cash on acquisition, resulting in a net £18.7m cash outflow on acquisition. There is a four-year revenue-linked earn-out estimated to total between £8-10m based on the Board approved acquisition case. Maximum total consideration is capped at £70m. Half of the earn-out is effectively linked to the ongoing employment of the founders and therefore recognised over the life of the earn-out.

The acquisition-related employment cost is being accrued over the period in which the related services are being received, recorded as exceptional costs. To determine the estimated contingent consideration and the acquisition-related employment cost figures, 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.

CTIC WGSN China Limited

On 1 September 2019, the shareholding in CTIC WGSN China Limited ("WGSN China") increased from 49% to 51% and the Group gained a majority of voting rights at the Board of directors. The existing shareholding was revalued to fair value resulting in step acquisition gain of £0.8m and then de-recognised. The Group consolidated the 51% controlling interest on 1 September 2019 and recognised a 49% non-controlling interest.

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	Sales Segment**	Product Design Segment**	Other*	Total
Customer relationships	2.8	-	-	**2.8**
Technology	2.2	-	-	**2.2**
Deferred tax liability	(1.3)	-	-	**(1.3)**
Property, plant and equipment	0.3	-	-	**0.3**
Other investments	1.7	-	-	**1.7**
Trade and other receivables	1.8	4.5	0.2	**6.5**
Cash	0.8	2.4	0.1	**3.3**
Trade and other payables	(1.6)	(1.7)	1.3	**(2.0)**
Deferred income	-	(3.7)	-	**(3.7)**
Total identifiable net assets at fair value	6.7	1.5	1.6	**9.8**
Initial cash consideration	19.5	-	0.6	**20.1**
Contingent consideration payable in 2020 - 2023	3.3	-	-	**3.3**
Fair value of previously held equity interest	-	1.6	-	**1.6**
Non-controlling interest	-	0.8	-	**0.8**
Total consideration	22.8	2.4	0.6	**25.8**
Goodwill on acquisition	16.1	0.9	(1.0)	**16.0**
Acquisition of businesses (net of cash acquired)	18.7	(2.4)	0.5	**16.8**

*Other includes working capital settlements in relation to prior year acquisitions, an acquisition within the Built Environment and Policy Segment and the finalisation of the provisional fair values presented in the 2018 annual report in relation to Flywheel Digital. All other fair values in relation to Flywheel Digital remain unchanged.

**The fair values provided for Yimian and WGSN China are provisional figures, being the best estimates currently available due to the proximity of the acquisition date to year end.

Of the £16.0m (2018: £72.5m) of goodwill acquired during the period, none (2018: £39.4m) is expected to be deductible for tax purposes. The goodwill of £16.0m arising on acquisitions is attributable to workforce in place and know-how within the business.

From the date of acquisition, the businesses acquired in 2019 £2.0m revenue and £1.0m of EBITDA. If the acquisitions had taken place at the beginning of the year, the business would have contributed £8.3m revenue and £2.1m of EBITDA.

The details of the prior year acquisitions are set out in the 2018 Annual Report.

12. Deferred and contingent consideration

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

(£ million)	Note	Total	Level 3
At 1 January 2018		**97.9**	**59.4**
Additions		43.4	33.8
Acquisition–related employment costs accrued in the year	4	13.3	-
Revaluation of contingent consideration recognised in the continuing consolidated income statement	4	(5.2)	(5.2)
Revaluation of contingent consideration recognised in the discontinuing consolidated income statement		0.3	0.3
Discount unwind on contingent and deferred consideration	5	3.6	3.6
Acquisition–related employment cash paid in year		(21.0)	-
Deferred and contingent consideration cash paid in the year		(37.7)	(33.4)
Effect of movements in exchange rates		2.3	1.4
Disposal of business		(0.2)	(0.2)
At 1 January 2019		**96.7**	**59.7**
Additions		3.3	3.3
Acquisition–related employment costs accrued in the year		20.1	-
Revaluation of contingent consideration recognised in the consolidated income statement		13.0	12.8
Discount unwind on contingent and deferred consideration		5.5	5.5
Acquisition–related employment cash paid in year		(11.5)	-
Deferred and contingent consideration cash paid in the year		(20.3)	(10.6)
Effect of movements in exchange rates		(3.6)	(2.3)
At 31 December 2019		**103.2**	**68.4**

(£ million)	2019	2018
Current	63.1	32.3
Non-current	40.1	64.4
Total	**103.2**	96.7

The total deferred and contingent consideration balance of £103.2m (2018: £96.7m) includes £68.4m (2018: £59.7m) 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 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 11.

The Directors consider that the carrying amount of deferred and contingent consideration of £103.2m (2018: £96.7m) approximate their fair value.

13. Borrowings

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

(£ million)	2019	2018
Non-current		
One to two years	282.6	291.8
Total borrowings	**282.6**	291.8

Borrowings are shown net of unamortised issue costs of £1.2m (2018: £2.3m). The carrying amounts of borrowings approximate their fair value. The Group's borrowings at 31 December 2019 were £66.0m, $96.0m and €171.0m.

Reconciliation of movement in net debt

(£ million)	Cash	Cash in transit	Short-term deposits	Interest rate cap	Borrowings	Net debt*
At 1 January 2018	**26.7**	**2.4**	**16.7**	**0.1**	**(317.4)**	**(271.5)**
Exchange differences	(0.4)	-	(0.2)	-	(6.9)	(7.5)
External debt drawdown	-	-	-	-	66.0	66.0
External debt repayment	-	-	-	-	(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 1 January 2019	**49.4**	**7.2**	**125.4**	**-**	**(291.8)**	**(109.8)**
Exchange differences	1.7	-	0.1	-	10.4	12.2
Non-cash movements	-	-	-	0.3	(1.2)	(0.9)
Net cash movement	27.9	(6.0)	(94.0)	-	-	(72.1)
At 31 December 2019	**79.0**	**1.2**	**31.5**	**0.3**	**(282.6)**	**(170.6)**

* Refer to the Glossary of Alternative Performance Measures for the definition of Net Debt.

14. Deferred tax assets and liabilities

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

(£ million)	2019	Restated* 2018
Deferred tax assets	42.7	43.1
Deferred tax liabilities	(22.9)	(24.8)
Total	**19.8**	18.3

*Restated for initial application of IFRS 16 (see Note 7).

The major deferred tax assets and liabilities recognised by the Group, and the movements in the year, 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 2018*	**(31.3)**	**13.6**	**0.9**	**9.0**	**23.5**	**0.1**	**15.8**
Adjustment on initial application of IFRS 16	-	-	-	-	-	0.3	0.3
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 1 January 2019	**(24.8)**	**11.0**	**2.1**	**7.2**	**21.4**	**1.4**	**18.3**
Credit/(charge) to the consolidated income statement for the year*	3.0	6.6	0.5	(0.6)	(7.0)	0.7	3.2
Debit to equity	-	-	(0.2)	-	-	(0.3)	(0.5)
Adjustments in respect of prior years	-	-	-	(0.1)	0.4	0.8	1.1
Acquisitions	(1.2)	-	-	-	-	-	(1.2)
Foreign exchange movements	0.1	(0.3)	(0.1)	-	(0.5)	(0.3)	(1.1)
At 31 December 2019	**(22.9)**	**17.3**	**2.3**	**6.5**	**14.3**	**2.3**	**19.8**

* Restated for initial application of IFRS 16 (see Note 7).

The above deferred tax balances are expected to reverse as follows:

(£ 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)	4.9	(0.2)	1.0	4.5	0.1	7.2
After 12 months	(19.8)	12.4	2.5	5.5	9.8	2.2	12.6
Total	**(22.9)**	**17.3**	**2.3**	**6.5**	**14.3**	**2.3**	**19.8**

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, where tax would arise on the realisation of those temporary differences, the Group is in a position to control the timing of their reversal and it is probably that such differences will not reverse in the foreseeable future.

Following the UK General Election in December 2019, the UK Prime Minister announced his intention to reverse the enacted reduction in UK corporation tax rates. This would have seen the rate fall from 19% to 17% from 1 April 2020. The proposed changes had not been enacted by the balance sheet date and therefore our deferred tax balances remain valued at those rates currently enacted (i.e. at 17% for UK items scheduled to unwind after 1 April 2020). If this proposal becomes law, this would result in a deferred tax charge to P&L of £0.5m, comprising an

increase in the value of the deferred tax liability on consolidated intangibles of £2.1m offset by an increase in the value of deferred tax assets of £1.6m.

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.

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

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 2019, the Group has the following tax losses:

(£ million)	**Recognised 2019**	Recognised 2018	**Unrecognised 2019**	Unrecognised 2018	**Total 2019**	Total 2018
US net operating losses	**49.9**	71.3	**102.5**	127.0	**152.4**	198.3
UK non-trading losses	**22.7**	36.3	**-**	-	**22.7**	36.3
Irish trading losses	**-**	-	**44.5**	18.3	**44.5**	18.3
UK capital losses	**-**	-	**114.9**	114.9	**114.9**	114.9
Other Rest of World losses	**-**	-	**6.2**	3.9	**6.2**	3.9
Total	**72.6**	107.6	**268.1**	264.1	**340.7**	371.7

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

(£ million)	**Recognised 2019**	Recognised 2018	**Unrecognised 2019**	Unrecognised 2018	**Total 2019**	Total 2018
US net operating losses	**10.5**	15.0	**25.6**	26.7	**36.1**	41.7
UK non-trading losses	**3.7**	6.4	**-**	-	**3.7**	6.4
Irish trading losses	**-**	-	**5.6**	2.3	**5.6**	2.3
UK capital losses	**-**	-	**19.5**	19.5	**19.5**	19.5
Other Rest of World losses	**-**	-	**-**	1.1	**-**	1.1
Total	**14.2**	21.4	**50.7**	49.6	**64.9**	71.0

The Group has tax losses in the US totalling £152.4m (2018: £198.3m). The movement from prior year arises as a result of expiry of losses which can be carried forward for only 20 years. 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 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 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. In prior years, our forecasting of the future available losses, and so value of the associated deferred tax asset, had been driven by this limitation and so the valuation was a key source of estimation. Following additional earnout payments in the US and a change to mix of profits, this is no longer the case. Our ability to utilise losses in future years is primarily driven by the level of taxable profits arising in the US as the increased earnout payments give rise to tax deductions which displace the loss utilisation. As a result, we have revised downwards our estimate of future utilised losses which accounts for £2.6m of the current year adjustment of the deferred tax asset in respect of losses.

15. Events after the reporting date

There were three non-adjusting reportable events since the year end of 31 December 2019.

Refinancing
On 14 January 2020, the Group entered into a new 5-year multi-currency revolving credit facility ("RCF") of £450m with an accordion of up to a further £120m or 150% of EBITDA. The maturity of the facility may be extended at the option of the Group for up to two further one-year terms subject to individual lender approval. The facility covenants include a maximum net leverage of 3.25x with the benefit of an additional 0.5x leverage spikes for relevant acquisitions and a minimum interest cover of 3.00x and are tested semi-annually. Upon completion of the new agreement, capitalised arrangement fees of £1.2m relating to the previous facility will be written off in 2020 as exceptional costs. We expect fees of £3.9m to be capitalised as part of the new arrangements and these shall be amortised over the expected life of the facility.

Jumpshot
In August 2019, we completed the acquisition of a 35% investment in Jumpshot, Inc., a marketing analytics business. Cash consideration including subsequent working capital contribution and acquisition expenses totalled £56.2m. On 30 January 2020, we agreed to sell our 35% ownership interest in Jumpshot back to the majority owner, Avast plc, for cash consideration equivalent to our cost of investment including expenses.

Share repurchase programme
On 21 February 2020, the Board approved a share repurchase programme of up to £120 million.