



10 December 2020

## Ascential plc

### Trading update and segmental restatement

#### Digital Commerce trading strong and profits ahead of expectations

Ascential plc (LSE: ASCL.L), the specialist information, data and analytics company, today provides an update on trading alongside summary financial information which is restated to reflect its recent segmental re-organisation.

#### Trading Update

Ascential has continued to deliver a robust performance in 2020 to date, driven by continued strong growth in Digital Commerce and a good recovery in its Built Environment & Policy business unit, with the result that the events-adjusted proforma revenue growth for the year is expected to be 2%. Total revenue for the Company for the year ended 31 December 2020 is expected to be in the range of £298m to £302m compared to consensus<sup>1</sup> of £297m.

Profitability has improved as the year has progressed through a combination of strong cost control measures taken in response to the pandemic and a positive revenue mix in favour of higher margin digital revenue streams. Adjusted EBITDA for 2020 is expected to be in the range of £48m to £52m compared to consensus<sup>2</sup> of £43m.

#### Digital Commerce

Very strong revenue growth continues to be driven by Flywheel and Yimian, while in Edge we have seen strong growth in new business as well as continued double-digit subscription billings growth for the Digital Shelf product. Accompanying this performance have been record levels of traffic across the world's major digital trading platforms, confirming the advances in the underlying channel shift to on-line commerce observed over the course of this year.

#### Product Design

Revenue from subscriptions makes up more than 90% of the total, and has continued to perform solidly, despite the tougher trading conditions experienced from March onwards that have, as expected, tempered revenue growth. Renewal rates remain strong, although slightly below historic norms of over 90%, while advisory comparatives from 2019 remain tough. Good momentum has been maintained through non-apparel focused subscriptions (such as Insight and Beauty), and the Food & Drink product launched in June has seen good initial take-up.

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<sup>1</sup> The Board believes current market forecasts for revenue to be in the range of £287m to £302m with consensus of £297m. Forecasts which have not been updated since August (when the cancellation of this year's editions of Money20/20 Europe and USA was announced) have not been included in the consensus or the range quoted above.

<sup>2</sup> The Board believes current market forecasts for Adjusted EBITDA to be in the range of £37m to £50m with consensus of £43m. Forecasts which have not been updated since August (when the cancellation of this year's editions of Money20/20 Europe and USA was announced) have not been included in the consensus or the range quoted above.

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## *Marketing*

Following the cancellation of Cannes Lions in the first half, trading has continued to be influenced by challenging end market conditions for our advisory business, although we have seen the return of significant advisory project work in the second half. The digital subscription products have continued to perform well, further increasing the weight of non-events revenue streams.

## *Retail & Financial Services*

With no Money20/20 physical events taking place in 2020 we successfully launched MoneyFest, a week-long digital series of talks, seminars and networking opportunities for the Fintech community which attracted over 12,000 participants. In the absence of its physical events, contribution from RWRC has not been significant.

## *Built Environment & Policy*

The segment returned to good levels of growth in the second half, led particularly by Groundsure, which has seen sustained record levels of activity following the re-opening of the UK property market at the end of the first half.

## **Duncan Painter, Chief Executive Officer, commented:**

*"Our brands have built on their resilient performance in the first half of the year and delivered profits ahead of expectations. In particular, Digital Commerce, our largest segment, has pushed further ahead as the year has progressed, demonstrating the wider advances we have seen in eCommerce penetration. While we will see no meaningful financial contribution from events this year, our digital events series including Lions Live, MoneyFest and Digital Commerce Live have all driven substantial client engagement connecting with over 90,000 industry participants.*

*Looking to 2021, with respect to our two main events brands, for us to achieve optimal recovery, the fast and effective implementation and distribution of vaccines to address the COVID pandemic will be critical. In terms of the eCommerce channel shift, which has also been a feature of the pandemic, it is clear to us that these structural gains are here to stay and will remain an increasingly important driver for our digital businesses going forward."*

## **Segmental Reporting**

In the second half of 2020 we have restructured the leadership and operating units of our company into five distinct business units to reflect the growing importance of Digital Commerce to the Company's strategy and operations and to provide greater focus on brand customers and synergy. We will be reporting five business segments instead of the previous four going forward. As part of this and in line with enhanced reporting at the half-year results, the Sales Segment has been split into two new separate reporting segments (a) the Digital Commerce segment and (b) the Retail and Financial Services segment. The five segments going forward are Digital Commerce, Product Design, Marketing, Retail & Financial Services and Built Environment & Policy.

The Retail and Financial Services segment will comprise Money20/20 and RWRC as well as the Alternative Data team (previously reported in the Product Design segment) who solely serve Financial Services clients. Additionally, the retail clients of our Digital Commerce business will now be managed and reported as part of the Retail and Financial Services segment allowing our Digital Commerce team to focus exclusively on brand customers.

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To assist investors and analysts ahead of the completion of its 2020 financial year, Ascential today issues summary financial information restated to reflect this segmental re-organisation for the comparative twelve-month period ended 31 December 2019 and the two six-month periods ended 30 June 2020 and 2019, which has not previously been in the public domain.

## Restated Segmental Disclosures

### Year ended 31 December 2019, restated and unaudited

(£ million)	Digital Commerce	Product Design	Marketing	Retail & Financial Services	Built Environment & Policy	Central Costs	Total
Revenue	78.1	85.7	135.9	81.1	35.9	(0.5)	416.2
<b>Adjusted* EBITDA</b>	<b>12.3</b>	<b>38.2</b>	<b>50.7</b>	<b>25.1</b>	<b>17.0</b>	<b>(14.8)</b>	<b>128.5</b>
<i>EBITDA Margin</i>	16%	45%	37%	31%	47%		30.9%
Depreciation and software amortisation	(4.0)	(4.0)	(7.5)	(2.8)	(0.9)	(3.5)	(22.7)
Adjusted* operating profit	8.3	34.2	43.2	22.3	16.1	(18.3)	105.8

### Six months ended 30 June 2020, restated and unaudited

(£ million)	Digital Commerce	Product Design	Marketing	Retail & Financial Services	Built Environment & Policy	Central Costs	Total
Revenue	47.8	44.6	26.4	9.1	16.4	-	144.3
<b>Proforma growth</b>	25%	3%	(21%)	(10%)	(10%)		0.6%
<b>Adjusted* EBITDA</b>	<b>12.5</b>	<b>19.1</b>	<b>(4.1)</b>	<b>(6.4)</b>	<b>7.7</b>	<b>(8.7)</b>	<b>20.1</b>
<b>Proforma growth</b>	116%	5%	nm	nm	4%	(9%)	34.0%
<i>EBITDA Margin</i>	26%	43%	nm	nm	47%		13.9%
Depreciation and software amortisation	(2.4)	(2.3)	(3.2)	(1.4)	(0.4)	(1.7)	(11.4)
Adjusted* operating profit	10.1	16.8	(7.3)	(7.8)	7.3	(10.4)	8.7

### Six months ended 30 June 2019, restated and unaudited

(£ million)	Digital Commerce	Product Design	Marketing	Retail & Financial Services	Built Environment & Policy	Central Costs	Total
Revenue	35.9	41.3	100.5	40.8	17.7	-	236.2
<b>Adjusted* EBITDA</b>	<b>5.6</b>	<b>17.0</b>	<b>44.2</b>	<b>11.9</b>	<b>7.2</b>	<b>(9.2)</b>	<b>76.7</b>
<i>EBITDA Margin</i>	16%	41%	44%	29%	41%		32.5%
Depreciation and software amortisation	(1.1)	(1.9)	(3.2)	(0.8)	(0.6)	(1.9)	(9.5)
Adjusted* operating profit	4.5	15.1	41.0	11.1	6.6	(11.1)	67.2

\*Adjusted profit measures are stated before the amortisation of acquired intangibles, exceptional items and share based payments.

This segmental restatement does not constitute new information about recent or current trading of the Company and is provided solely for the purposes of providing familiarity with the comparative information for the prior accounting periods ahead of announcement of preliminary results for the current year.

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## Cautionary statement

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

This announcement has been prepared for the Group as a whole and therefore gives greater emphasis to those matters which are significant to Ascential plc and its subsidiary undertakings when viewed as a whole.

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## 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 four principal disciplines:

- Digital Commerce via data, analytics and managed services brands Flywheel Digital, Yimian and Edge;
- Product Design via global trend forecasting service WGSN;
- Marketing via global benchmarks for creative excellence and effectiveness, Lions and WARC, and MediaLink; and
- Retail & Financial Services, including the world's premier payments and FinTech congress Money20/20 and events, data and tools for retailers.

Ascential also owns three digital information products in the Built Environment and Policy sector.