Kantar Q3 2023 Lender Call

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Welcome to this webinar entitled counters Q3 2023 under call. my name is Ester. I am your producer design during the presentation or participants, we are remaining only mode if you require assistance at any time, please put a message in the chat box and send.

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01:30:44.060 --> 01:30:56.540

To the host. I would like to advise all parties, this conference is being recorded and with that, I'd like to hand over to Michael with the contents group, Chief Financial officer. Please go ahead.

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01:30:58.700 --> 01:31:19.180

Good afternoon everybody and welcome to the virtual results for Kantar. Obviously we are, you know, frequent straight through the year and I think you'll see a continuation of the trends that we've been talking about in Q1 and the H1 results continuation of what I think is pretty solid resilient performance in.

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01:31:19.820 --> 01:31:39.660

You know, uncertain times actually, Q3 was marginally better than Q2 in revenue terms, but, you know, it does remain a tight environment that we're working in and we are continuing to manage it very carefully. I do think we're making good progress in many perspectives so a few highlights on the first couple of pages starting on page six.

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Grocery at four percent it's actually four point, 1% most divisions delivering year and year growth. so that maintains our revenue growth for the first half of the year, but all regions growing apart from North America, which we talked about before, which is down 5% and China is down 2%. I'll talk more about detail in a few slides.

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Move on with the other points. Global clients remember we have around 32 global clients that complies about 25% of our revenues. They're up. 7% is our biggest clients in sector such as CPG food, doing well sector such as technology auto a little bit more challenge that we're seeing in our revenue.

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01:32:22.060 --> 01:32:41.740

Some of those economic headwinds that said, you know, it varies by region and the tech sector overall for us in terms of our clients from the tech sector revenues are flat year on year, so not down, but up in some regions down in others, overall our business mix continues to improve and revenue terms of the growth of syndicated revenues number.

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01:32:42.020 --> 01:33:02.220

Of 16% actually Worldpanel revenues were so showed an accelerated pros in Q3 up 6% and then revenue through our tech enable platform, which is primarily counter- marketplace continue to grow at very high rates of nearly 40% of the year with 15 new products and features launched on that platform.

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01:33:03.500 --> 01:33:22.700

Business development significantly business wins. I talk about some of those first half, but essentially we've been winning some pretty big and a multi- year contracts or renewing this contract with major clients, which gives us confidence that we're delivering to our clients. What they're looking for. World PA.

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Had strong contracted growth for all year with very minimal term. It is a very resilient and recurring business that one, the one-off revenues have also picked up a bit in the second half of the year as we hoped, Profiles have done two quite big technology launches. They're actually panel platform, which is the platform that manages

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Panelists and the intelligent samples engine, which is a system which essentially performs and manages the surveys needed two key enablers for efficiency and automation in that business Numerator continues its growth in the coming mid- terms and things to innovate to including an expansion that's Canadian panel.

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Solutions, we've seen a 50% percent growth in the cloud base around some of our products. That's what we call link AI, which is a creative product lift ROI, which is essentially the product that's supplied through Blackwood Seven, which is business that we acquired last year. It's in a Media, but optimization model.

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Using a lot of AIS to measure a match media impressions through different channels with client outcomes. It's pretty very popular. It's a subscription revenue model that one and finally we launched our blueprint for brand CRIP, which I won't talk about in a few minutes. So moving on to the next slide.

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Cost and margin initiatives are continuing our Ebitdas up for years data 9% in Q3 pricing discipline continues certainly, there's pressure in the market for, on pricing and pushing down on the margins, although we're seeking and largely succeeding offset that through.

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01:35:05.780 --> 01:35:26.220

Focus on operating costs and headcount again. I'll talk about that in more, in a couple of slides time and then from a technology perspective, we transitioned now pretty much fully off WPP to Kyndril and when the process is simplifying our states, so we've reduced our servers by 2500 by the year end, that's okey.

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01:35:27.940 --> 01:35:46.700

Technology cost base along with our application state, which we reduced by 15%, there's plenty more to come on that in terms of the business portfolio, as I said, in the first half, we completed the sale of our specialist healthcare businesses actually signed that in before the first half, and then we completed it in August and then we.

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01:35:47.340 --> 01:36:07.180

Signed before actually in October, the sale of the ad-Intel business in North America actually completed in November. So those things occurred after the period that I'll talk about that is relevant. So our general business, but all of this is further sharpening our focus on consumer brands.

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We've taken us to liquidity at the end of September of 477 million. although if you factor in the recent sale or set by a settlement of some deferred consideration, the liquidity is actually more like 562 million by the middle of December working capital has been impacted by number of one of items this year or talk about.

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01:36:28.100 --> 01:36:48.140

More later, mainly on one of creditors, some deterioration in collections. again, I can give you more detail on that. I believe it's not been a typical year for, for work and capital, and what is most certainly happening is the level of restructuring present transformation cost is trending down and the low one.

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01:36:48.420 --> 01:37:08.620

Costs with lower much lower and a related spend in 2024 and a big focus on cash conversion of billings on cash flow metrics to be much better and they're targeting to be catch the positive in 2024. Now before I get into the numbers, I am gonna play a 60 seconds video.

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Talk a little bit about our brand strategy, just a bit of context on our business. So hoping the technology is going to work and handing over to play the video.

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01:37:28.580 --> 01:37:46.380

We believe in the power of brand every year, we talked to millions of real consumers wherever they are collecting billions of insights into how they think and act, so we understand how their lives and their relationships.

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01:37:46.420 --> 01:37:49.220

Products and services are evolving.

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01:37:51.100 --> 01:38:11.340

What matters most to people at the core of your strategy, identifying the creativity that's effective and the media campaigns that work tracking your brand health decoding shopper behaviour, improving your consumer experience and innovating more effectively. that's why, for over

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01:38:11.420 --> 01:38:18.860

50 years, the world's most valuable companies have trusted us to be their indispensable brand partner.

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01:38:22.860 --> 01:38:24.740

Shape your brand future.

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01:38:28.620 --> 01:38:49.100

Okay, so I play that video just because I wanted to talk a little bit about our views on brand and as a company, we're big believers in brand, In fact, the brand guidance, brand strategy offer is around 25% of our revenues and our strategy is a company is to focus on delivering insights to consumer

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Brands and slide ten is Brand Z, which is our proprietary methodology, which shows the value of how the most powerful brands, drive the higher returns and you can see that on the, on- charts there and the important thing about brand-z a lot of our brand works under

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01:39:10.900 --> 01:39:30.060

Framework that stands for meaningful different and saying this is a framework to be run for many years as originally developed in the mid ground, it's been independently certified by the MASB which the Marketing Accountability Standards Board, which is essentially a certification and linking marketing activities and brand investment outcomes and cash drivers. So

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It's got a lot of rigor. It's got a lot of IP behind it and a lot of credibility that our clients is something that we are working to embed even more, you know, across our business on the next slide, just making the point that over the last sort of 6 or 12 months, we've spent some time unifying our

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Point of view across counter. So across all our divisions, not just the inside division, but also Worldpanel, Profiles around a blueprint for brand growth, how brands grow and for us very importantly, this is naturally uniting the data we have around behaviour or what consumers do.

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And attitude, what continues think so uniting behavioural and attitude will data and the different divisions in Kantar provide that with the behaviour coming from say, welcome a Numerator, primarily the attitude's coming from sort of Insights and Profiles. We're one of the few, if not the only companies that combines this under one roof. So on the next slide.

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We'll see that our, our point of view here is that brands grow by being meaningfully different to more people and that are, are customers are clients can operationalize this through predisposing more people, so it's proven that brands that people are strongly pre- stage two will be four times more likely to grow.

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Have night times. Typical volume share brands that I'm all present and always present attract seven times more buyers and brands that can find new space, double their chance of growth. So there's obviously a lot more into this, but essentially our view, our strong views that if you can create a meaningful.

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And you will come on five times kind of more penetration today and a real advantage and penetration growth over the next two years. So that's a big part of our positioning with our clients. I like to think that's, what's helped us win some of these big contracts in recent months where this MDS framework has been embedded into our.

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01:41:34.080 --> 01:41:54.360

And these are often been almost always competitive pictures as well, and finally, if I move on to the numbers, I just wanted to talk a little bit about data quality because we also think this is a big differentiated the quality of the data we have, which we predominantly own within the Worldpanel, Numerator, Profiles. We believe in our data

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01:41:54.560 --> 01:42:14.840

Of superior quality, and if you look at the, the information here, which is primarily about the profiles business, we have a, we have around seven million priority panelists and 54 markets, if you include the private network, we operate with other suppliers and that, that coverage goes to a hundred and seventy million people and a hundred plus markets. The

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Engagement ratings of our panelists to charts in the middle much higher than in the competition and we have 23% higher survey completion rates and ultimately need to feel engaged compute the surveys to create the data and most importantly of all are anti- fraud capabilities are in.

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01:42:35.680 --> 01:42:55.800

Leading, and with the acquisition of Qmee last year become even more industry leading and with their key with the cubed software, which now operating in 49 markets powered very much by AI five deep neural networks, processing 300 features to every single survey session, essentially weeding out fraud in the way that human being

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Couldn't possibly do, and this is only going from strength to strength. There's no doubt that fraud in this sector has grow through COVID. We believe and I think it's proven that we have a, an industry evening position here and we preventing throughout systems up to four times more fraud than any other supplier.

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01:43:16.480 --> 01:43:37.400

Increasingly is a differentiating feature of our offer when we're pitching to clients. Okay, moving on to the numbers and speeding up a little bit. On page 15 is just the overview of the year- to date numbers. The key figures there both to look at the Q3 numbers of revenue up 4.1%. So very much in line, either accelerated a bit in.

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01:43:37.680 --> 01:43:57.880

Three up, 9.1% taking out the XD growth up 4%, gross margin up 2.6% percent. So, again, in line, so generally speaking a decent quarter. Moving on to the next slide 16 what I've focus on here is I think our cost performance and you'll see this standard P&L here, but our staff.

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01:43:59.160 --> 01:44:18.360

3% and this, this cost rows has been reducing during the year. Is the impact of initiatives takes effect. We've had a big focus on, on our staff course and our headcount, our headcounts at the end of September is 4% lower. that's ever one hundred ft lower versus the same period last year, staff course are flat.

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In the quarter, having been up 6 in Q1 and 4% in Q2 and now the part would expect this trend to continue and you're seeing same amount of discipline in our other opex and our GNA costs where there's some, obviously inflation pressures and we've got increasing it spend having transitioned onto a new contract. But we are

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01:44:39.000 --> 01:44:59.320

Saving money in other areas to accept. So overall we have with the 19.5% margin, which is broadly in line of 2022, despite the pressures that we have, you know, certainly see among pricing in the top line. Talking about revenues now just a couple of slides on top line revenue performance 17 as I said, earlier, most divisions of delivering.

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01:44:59.360 --> 01:45:19.800

Growth Insights, I'll talked about in the minute, Profiles as much as anything because of the data quality that we're providing that is, there's certainly outperforming in the market and if, you know, of any other companies in the sector, you'll never be growing at the Smitch in the years day is actually it's very strong performance versus what's happening over in that particular segment

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01:45:19.880 --> 01:45:40.280

Market. In Worldpanel as I said, before strong contracted performance, 6% growth in Q3 following the first two course of 3% growth so strong growth in Latam, AsiaPacific, Southern Europe and actually picking up a little bit in UK, France, which is the biggest markets with a pickup. As I said, in the one- off revenue, which is

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25% percent of the Worldpanel revenue in a typical year. Numerator continues to grow to the mid- teams year and year growth. Very strong momentum. They're very good operational gearing at least double Ebitda of, of given revenue growth. Media continues to show the bene.

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01:46:01.640 --> 01:46:21.880

Contract, 8% growth and Vivvix to just flat, that's the Add intel business that I mentioned earlier has actually been sold with effect from November, so we sort of out of the numbers. Going forward talking a little bit about Insights by a solution area, as I said, before brand and we'll page 18 now brand is our biggest

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01:46:22.600 --> 01:46:42.360

Revenue line comprising. Yeah, around 25 % of our, our total revenues and has really been a driver and continues to be a core strength of Kantar brand is almost certainly back in fashion. It's very much a corestone for many of our current relationships off which we sell other solutions such as created innovation.

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01:46:42.560 --> 01:47:02.840

Media customer experience down overall, but up in APAC, not one of our biggest lines, but we have some very good clients there and as well so investing in, in turning that around a little bit creative is mostly market related what I would say is there's been quite a shift into Kantar Marketplace.

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01:47:03.800 --> 01:47:23.320

Considerably highest whether delivery is much more automated innovation is the other area that's going strongly about 8% clients invest in product development, but also we've got a very strong offer from counter marketplace and that's driving that Media showing us down. This is the Media solution. There are Insights rather than the Media division. Media

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01:47:23.800 --> 01:47:43.800

Down 3%. It's actually up in most markets, but lower in North America, particularly relating to the technology clients in North America, and then Consulting other requirement quite small and have shown similar trend for the year. Final slide for me before I hand it to Peter. On the

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Growth by region America's down a little bit, which is primarily the impact of 5% fallen North America. Primarily in Media and Creative. I mentioned earlier Latin America's based to 20% growth. It continues to be very strong and Media has picked up well, Q3 about 5.7%.

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After a pretty flat Q1, a 3% growth in Q2 so strong growth in all the top markets there it's encouraging, so some good momentum there. AsiaPacific's been good all year. I would say it's cooling a little bit in the Outlook at the moment. You're not seeing that numbers, but just looking forward. It's a little bit of a cooling and China is recovering slowly so we actually grew.

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01:48:26.080 --> 01:48:45.880

By 1.6% having had a couple of quarters of 4% decline, some good business in local clients, but just I would say autos and slow recovery in China, but generally we are being caught in our planning. I'll talk more about that in the Outlook, but meantime, I'll hand it over to Peter. Thank you.

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So I'm now on slide 21 to talk about how to and leverage, so a couple of points to notes about the last 12 months. Dar, this is the 4th quarter in a row where this has increased.

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Points to note is that I'm not going to adjustment is again down fourth portion of a row, The current standard $41 million. So taking that into accounting other usual adjustments to get to our coverage LTM adjustment that now stones at 7 point, $6 million.

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01:49:25.560 --> 01:49:44.760

And moved on to our company leverage. Our senior secured that leverage is now 4.4, 6 times at the end of September for 2023 in line with our expectations and well, with our department test ratio, some points, two times. So now moving on slide 22.

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Liquidity in a similar undergroup society as usual. On the left of the slide in the 9 months SEP to September, we generated for the $96 million of Ebitda and actual FX rates. The networking capital outflow

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$14 million continues to reflect the unwind of accruals from the prior year and the impact of disposals. We continue to work to minimize the impact of work and capital outflows with a great deal of focus on our collections and control of our accounts payable along with fully utilizing our factoring program, but that service of a.

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01:50:26.160 --> 01:50:46.200

$6 million is the net cash paid on senior under debt includes a small amount of in higher than last year due to higher interest rates. The predominant reason for the increase and also a small amount due to the additional debts we raised in Q1 this year as a reminder. Our senior debt

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On a combined basis is 90% HD and fixed and what this means is that a 100 basis point increase in rates. What's the curb would increase our interest expense on an annual basis by about $10 million.

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01:51:02.240 --> 01:51:22.680

Tax paid of $55 million is lower than last year and a capex of a $135 million is higher than a $119 spent in the same period last year. As we've continued to invest in the business and that cash inflow from changes in financing of a $144 million represents the net impact of the $185 million.

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01:51:24.140 --> 01:51:26.300

Proceeds in Q1.

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01:51:27.620 --> 01:51:48.100

Which we used to repay the revolver at that time, along with subsequent re-draws on the revolver to manage our work in capital natively repayments in the period, an outflow of $35 million represents deferred consideration for Techedge and WPP, along with M&A advisor fees.

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01:51:48.740 --> 01:52:08.580

Net of disposal proceeds from the sale of Kantar Media Healthcare Research in the second quarter this year, the restructure in another cost of $91 million mostly reflect the costs of the transformation programs. So our senior cash at the end of Q3 of a $158 million dollars, along with the available facilities as Michael

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Already mentioned provide us with comfortable liquidity position of $477 million at the end of the quarter. Again, as Michael mentioned earlier on, in the call, if we take into account the impact of the disposal of Vivvix, net of some further deferred consideration payments after the end of the quarter, our

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01:52:29.060 --> 01:52:49.540

Liquidity total, senior liquidity in the middle of November was over $560 million. So on that, I'll hand back to Michael, who will provid an update. Great, thanks Peter. So trailing update summary outlook, as I said, you know, pretty solid performance very much in landed

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01:52:49.660 --> 01:53:10.020

Expectations that you've learning point of view sort of our end, started through the fourth it sort of trending around that level spider. Some macrohead and some sectors, strong contract news, good process, indicative revenues do feel we're delivering for our clients.

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01:53:11.300 --> 01:53:30.500

That said, you know, given the uncertain outlook, we are planning our headcount based on our current revenue trends, so we're not planning some people recovery or some big sort of uplift in revenue growth going into 2024 and we're looking to hold our headcount pretty much in line what’s today. Keep our staff POS

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01:53:30.940 --> 01:53:50.980

We can kind of manage our risk into 2024 as well as obviously driving forward on efficiencies and leveraging automation and the various other investments we've made to improve our financial performance. Look at 2023 secured revenue and 91% of target at the end of September, that's consistently

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01:53:51.460 --> 01:54:11.460

Expect to be actually at the end of October 95%, which is also where we expect to be, and now we're obviously looking into 2024. it's still a little early to sort of see in terms of, I would say, the securities in line with where normally is this time of year for 2024, but the numbers themselves are still quite low between now and the end of.

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01:54:11.780 --> 01:54:31.940

We'd expect to secure around 50-55% on 2024 revenue and so far, we're on track as I said, it is early days. We're not seeing so far, no any sort of significant cuts in spending by a major clients in terms of what we're expecting in terms of our renewal discussions, et cetera, but a lot

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01:54:32.180 --> 01:54:52.420

Is still to come over the next few months. So I think caution is the best place to be at the moment. We'll continue to invest in technology transformation, but I want to spend bit lower. I expect our capital this year develop and $90 million. I want to spend a $120 also be significantly lower in 2024. So

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01:54:52.500 --> 01:55:12.900

Combined I was looking for Capex and one- offs to be around $200 million in 2024 with the overwhelming majority of actually Capex sort of if you'd like combination of the growth capex, rather than the kind of one off transformation spent in future years.

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01:55:12.940 --> 01:55:33.380

The net cash out flow, obviously there will be a net cash outflow in 2023. It is seasonally wait for the first half. That would be the case CCO as well. The work in capital app flow is now expected to be $250 million. Now this is higher than I was expecting and higher than I flag at the first half and say it's partly reaction to the business environment.

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01:55:33.500 --> 01:55:53.860

Sort of trends that were sort of been emerging through sort of Q2 and Q3 and I would say, quite frankly, it's also a reflection of improved forecasting where we've spent the last year or so really building up that capability, which was a little underdeveloped. I would say, you know, 12-18 months ago, so we're improving our grip of the business.

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01:55:54.500 --> 01:56:14.340

I talk a little bit more about working capital so that's better will be some questions on this. There are a few factors behind this is performance. I most certainly do not believe this to be a typical year for working capital. I do it about 2024 to be a lot better. What's driven the outflow was basically 3 things which Peter alluded to first one has been

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01:56:14.420 --> 01:56:34.820

Significant one off unwind credits, especially in the first half and especially in our non- trade working capital, which relates primarily to the high level of M&A costs, restructuring, transformation capex in priors that was accrued and have now been settling for cash in 2023 and

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01:56:36.740 --> 01:56:55.180

These amounts to be much lower going forward given that we have materially reduced the level of exceptional spend in 2023 and it's going to be now in 24. So, but there has been this one off unwind as we've kind of trended down from the much higher levels of spend for 2 to 3 years as we run again, that significant transformation.

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01:56:55.300 --> 01:57:15.780

The second factor and I would say that's about two thirds, if not a bit more of the working capital performance, the remainder will be down to trade and certainly in the second and third quarters, we have seen a lower reduction in our datas and accrued income versus the prior year. We're still generating cash. We're still, there's numbers are still falling. So

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01:57:16.340 --> 01:57:36.260

Into the business, but lower than they were in the same period last year, and this reflects the challenging environment, we're in, there's no question that clients are getting increasingly focused on billing times and looking for later billing, less free per billing longer payment terms from our standard thirty days, and so this is becoming a bigger part of our commercial discussions and it would have been.

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01:57:36.540 --> 01:57:57.380

A few years ago I guess, in the environment of higher interest rates and also reflects quite a specific feature for us, which is also transitional, which is the movement of our finance operations. So, a few hundred people moving from North America and Europe into our shared facilities in Portugal, there's an own facility and in India, which is outsourced and although the trans.

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01:57:58.940 --> 01:58:17.860

Well, and creating the center of excellence and consolidating this activity in those markets is going to yield benefits and process benefits cash benefits going forward, in the immediate term it has caused some delays in our billing operations and collection, and I think that's probably almost inevitable as you transfer. The know

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01:58:18.660 --> 01:58:38.340

Complex business such as Kantar and you move these roles and responsibilities, but we're very much onto that. It was not entirely unexpected, but there is a continuous and relentless focus on all aspects of work capital across the group, and that should indeed mean improvements in trade work and capital going forward and the third factor is a normal factors around.

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01:58:38.740 --> 01:58:58.700

Payments where we've made a high payment in 22, including 23 and FX, which has been slightly negative and it also been some strong business growth, you know, so all in all I'm working capital, I do expect to improve. I think 2023 has been unusual year, but it's something that is a great

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01:58:58.820 --> 01:59:19.300

focus. And I think a big area of opportunity going forward just finalizing the liquidity as Peter said, very strong $642 million as of today, boosted by those disposals transformation costs as I said, M&A costs coming down at a big focus generally on cash.

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01:59:20.260 --> 01:59:35.940

The target being actually positive in 2024 and running the business as efficiently as we possibly can, but it's still quite a difficult and tight environment. So I'll stop there and as to, if you still there, I'll hand over to Q&A.

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01:59:36.620 --> 01:59:56.420

Of course, if you wish to ask question, please click on the raise hand icon at the bottom of your screen next to the unmute option, if you would like to redraw your question, please click on the hand icon again, in case joined using a telephone to ask a question. Please keep star- free.

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02:00:04.100 --> 02:00:11.780

We have our first question and it is coming from Mary Pollock. Please go ahead your unmuted.

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02:00:12.060 --> 02:00:32.260

Thanks for taking the questions. This is Mary Pallock get criticize. I just wanted to enterprisingly dig into the cash flow a little bit. So thanks for all the colour on working capital in 2023. I was wondering if you could help us think about 2024.

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02:00:32.260 --> 02:00:52.380

I can understand why you might not want to provide guidance, but should we expect some of this there to be an inflow because there's some also reverse or unwind from what we've seen this past year, is that a reasonable expectation? Is there anything you're worried about with regards to working capital in 2024.

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02:00:53.380 --> 02:01:13.220

And I believe you had some receivable facilities in place. Are those still in place or so. Can you have to give some update on your vendor financing and then also in terms of cash flow, the deferred M&A payments, you mentioned some of those were netted off in your colour for liquidity.

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02:01:13.300 --> 02:01:27.500

The step up versus period end, including so Vivvex and some deferred payments are there any more deferred payments that are coming in or going out seeing of 2023. Can you remind us what to expect for2024, thank you.

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02:01:29.460 --> 02:01:32.100

Thanks, Mary, okay, so.

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02:01:33.300 --> 02:01:41.300

What does it Peter? After the question about factoring first, which is your second question and I'll come back in the other two point. Yep, so I've been to find.

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02:01:42.420 --> 02:02:02.300

Refer to it. Yeah, that's still in place. It's a facility of a €160m... Yep, and we're still using that as still working. Well, we utilize that across nine countries now, Yep, continues to be a very successful and volumes part of our working out.

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02:02:02.740 --> 02:02:23.220

Okay, that's factoring. I'll do the deferred consideration in one second. So to answer your question, what's next, we've got about 50 million or so with the third consideration, less a 114 million as at the end of the quarter, but we settled about.

100

02:02:23.220 --> 02:02:43.300

60-ish, there's a bit over sixty million in November, which we mentioned earlier in the next off. So that leaves about 50, which is primarily the deferred payment on TechEdge, which is a unit that's part of our Media division, we required a couple of years ago.

101

02:02:43.700 --> 02:02:50.340

And also a little bit less to WPP from the original acquisition in 2019.

102

02:02:52.020 --> 02:03:12.500

That's on the deferred consideration and then on the cash flow. Well, you're right, but I don't want to give a forecast for 2024 before these reasons. I mean, I do find work in capital hard forecast, like everywhere I've worked, and I think we've done a huge amount of work and of understanding all the different flows of trade and non-trade all around the world and also the impact of factoring.

103

02:03:12.580 --> 02:03:15.740

I do expect it to be a lot better.

104

02:03:16.980 --> 02:03:37.460

I'm not worried about anything particular when I look ahead in the next 3 to 4 months where we have the greatest visibility and our direct cash flow. It looks broadly positive compared to the prior, but I don't want to draw any conclusions from now that I'm just stating that fact, because, you know, I do find, it's one capital can be quite perilless.

105

02:03:37.500 --> 02:03:50.220

To forecasting is a, it's a huge focus. We've done a lot of work on it really kind of driving that cash mindset around the business, but I think it was always there, but I think it always be kind of driven further improving the reporting, the accountability.

106

02:03:51.540 --> 02:04:12.020

But, you know, there's no particular reason why you can't, I should be highly consultive business for working Capital and maybe a little bit of negative, but I mean, generally we build using promptly and should get paid reason. We promptly, we're not, in some cases we, we're in advance in particular and we do have quite a bit of deferred income, so it's something I'm kind of work.

107

02:04:12.340 --> 02:04:26.420

I don't want to give any guidance I'm afraid, Mary, but I do expect it to improve, not certainly I think is going into next year and I'm not worried about any specific thing other than just general staying on top of the numbers.

108

02:04:28.020 --> 02:04:39.820

Thanks so much. That's really helpful. And, and just one more, if I may, can you provide some colour on how much Vivix deconsideration will impact EBITA as we think about Pro Forma leverage levels.

109

02:04:41.020 --> 02:04:51.700

In the sort of 20-25 million dollar range, which need to work through exactly what it's gonna take out of central allocation costs and all done.

110

02:04:51.700 --> 02:04:53.260

Thank you so much.

111

02:04:56.820 --> 02:05:03.060

Next question is coming from, from Christian Wild. Please go ahead. You're unmuted.

112

02:05:05.780 --> 02:05:25.620

Going back on working capital. I mean, this, this truly has been a big focus for the company. So I think, I mean, this year's performance, honestly, I think is disappointing also. I mean you've guided for 40-50 million outflow for working capital in Q4 2020.

113

02:05:26.100 --> 02:05:46.100

So it's hard to understand how this gets from 50 million to 250million. So, I mean, are there any one- offs in there? I mean, you mentioned some of the movements, but if you can provide a bit more colour, that would certainly be helpful, and I mean, you mentioned that

114

02:05:46.500 --> 02:06:06.580

Of that relates to prior work. So I'm not sure exactly why that hasn't been flagged before. So I think that requires a bit more guidance. Please second point is on employee incentives, so you mentioned that has been also impacting cash flow generation

115

02:06:07.860 --> 02:06:27.060

2023 negatively, if you can provide a bit more colour on that, and the last point was on the slides, you show two cash numbers in the past years. Sorry in the past quarters a one including or excluding the perimeter one including the perimeter. I see that this is now a line so many. So meaning has there been a dividend

116

02:06:27.300 --> 02:06:37.940

payment from cash sitting outside the perimeter to shareholders. Can you provide some colour? Thank you very much.

117

02:06:38.580 --> 02:06:57.260

Okay, just try and answer the second, which one is that the employee centers one you'd be able to do it. So there's not many, any dividends I think are you referring to the way we're showing the cash on a million on slide 21.

118

02:07:00.980 --> 02:07:04.700

I wasn't able to answer so just.

119

02:07:05.580 --> 02:07:25.300

So we haven't changed anything and there is. So, so what we're showing in this lender presentation as opposed to the press release, which is the full group including action data above the simulator books in the lender presentation, we're purely showing senior debt and cash what we've split out on slide 21. It's the 1 million.

120

02:07:25.940 --> 02:07:45.780

Is actually less than 1 million at 600k dollars of cash that's sitting in the two legal entities where the unsecured note set and there's just a small amount of cash that's, that's been left there. We're gonna move that back down into the secure group in the next few weeks.

121

02:07:46.100 --> 02:07:50.900

And we would just, it became what it was like, a rounding difference and so we just showed it separate.

122

02:07:51.540 --> 02:08:04.980

All the senior, what I call the senior secured and unsecured parameter is showed there and then above that there is still more cash and debt, you know, pick notes and, and some cash that sits above that.

123

02:08:06.260 --> 02:08:26.740

I'm referring to page 15 of the presentation where you saw two $244 million of cash and cash equivalence on that page looking at the net leverage and on the next page, you show a $160 million of excluding cash outside the lender perimeter, if you look at the Q3.

124

02:08:28.020 --> 02:08:47.220

Show a 157 million on the net calculation and a 158 million on the outside the lender parameter, So there's almost no difference, whereas in the prior quarter, there was, there was 84 million different. So I was wondering what happen.

125

02:08:48.100 --> 02:08:55.900

4 million that obviously were included in the net debt calculation before, but I'm longer here.

126

02:09:00.020 --> 02:09:03.020

Yeah, let us just take a look at that.

127

02:09:03.300 --> 02:09:03.860

Thank you.

128

02:09:03.860 --> 02:09:13.860

Yeah, there's no given page, so it's going to be a presentation on that aspect of that. I'm sure I'll have a look.

129

02:09:15.380 --> 02:09:35.860

Okay, maybe the other thing Christian, about the disappointing results? Yes, I mean, I'm disappointed too, I mean, I have to be honest. I joined the business in second half of the year and the cash flow forecasting and sort of rigor around that was not where it.

130

02:09:36.620 --> 02:09:56.980

So it wasn't how they anticipated the situation kind of process and procedures that I'm used to, we would have been not guiding to 40-50 million, so something has to be in there will be straightforward about over the last 12 months we have built extremely detailed.

131

02:09:57.140 --> 02:10:17.460

Direct and indirect cash flows across, you know, 50 countries, which are reconciled weekly and we have a much better understanding, but even when you do that in my experience in big global companies is it's still hard, right? But if you don't have it in the first place, unfortunately these things get missed. So that is the reality that is, I think we're on it now.

132

02:10:17.540 --> 02:10:28.660

but, you know, once bit and twice shys the expressions, I'm gonna be cautious, but it is disappointing. I think maybe it'll be better than 250, but I don't want to say that because

133

02:10:30.140 --> 02:10:50.100

I was being caught out before, so I'm trying to be cautious. I'm fully determined that it is improving and I feel reasonably confident. I said it all before I feel pretty confident about how things are trendy now going forward, but we'll just have to see and the environment's not easy for working capital management generally, but that is

134

02:10:50.740 --> 02:11:00.340

Situation, so we'll come back to you on this other point as when we have the answer about your outside and inside the group on the customer.

135

02:11:00.380 --> 02:11:02.260

Quickly on the employee incentive.

136

02:11:02.500 --> 02:11:22.740

Oh, sorry, yeah. The employee incentive. Yeah, that's about, but all I'm saying is we paid a 40 million. I think it was in cash and we've reacrued about 20 ish year to date. So it's just that drives a working capital movement that will close down a little bit in the last quarter so that will reverse and put it that we probably will end up paying a low- incentive this year and.

137

02:11:22.900 --> 02:11:28.700

Did last year because businesses not generated as much Ebitda as it did.

138

02:11:30.900 --> 02:11:31.300

Thank you.

139

02:11:31.940 --> 02:11:33.300

Thank you.

140

02:11:35.140 --> 02:11:41.020

The next question is coming from Chrystopher. Please go ahead German mute it.

141

02:11:41.580 --> 02:12:02.020

Hi, thank you very much for taking my question. just on the cash elements. I just wanted to clarify something I'm certainly need for the coverage. So please excuse if I'm pointing out something obvious, but on slide 22, you have a cash number of a 158 compared to sort of financial statements, which has 205, It seems like.

142

02:12:02.700 --> 02:12:22.500

There's some cash outside the lender parameter. I think this as well was alluded to earlier, but does that cash number vary, and I'm finding hard to reconcile stuff like working down to the financial statements and debt servicing, for example. Yeah, which you just sort of comments on.

143

02:12:23.140 --> 02:12:31.940

So, yeah, so yeah, there's 205 million reported on the balance sheet for the whole Kantar groups, account global holdings.

144

02:12:34.500 --> 02:12:53.860

Group, which has got 58 million dollars of cash and the top code, the reporting empty global holding SRL. There's the only Q3 around 47 million dollars of cash that sits above of the lender group. So some of this.

145

02:12:54.300 --> 02:13:14.340

Relates to manage plans and we, you shouldn't to those shares and some relates to tax distributions for the venture partners on US side of the structure so that they're not, that's all.

146

02:13:14.500 --> 02:13:22.020

As part of the original structuring to them, not divide that sits up there it.

147

02:13:22.660 --> 02:13:34.460

Move a little bit so that can be recycled back into the similar group, but that, that's gonna be in principle, that's two key items.

148

02:13:35.460 --> 02:13:39.940

Okay, so we should, we should really be focusing on, on the one by the...

149

02:13:41.220 --> 02:13:44.420

Absolutely, that's the cash available to... Yeah.

150

02:13:45.260 --> 02:13:47.500

Unused facilities to.

151

02:13:48.780 --> 02:14:07.660

Okay, and just, and generally just like running some simple cards for doing this for today's see there's like, it's roughly about twenty percent of the cash available to the whole company, and that's been the same in 2022. Is that sort of on a running basis, there's roughly about twenty percent allocated, which would be restricted.

152

02:14:10.020 --> 02:14:28.580

I'm not sure you can use that guideline going forward. The answer is it depends? It depends the met cash is probably going to be fairly constant. The, the other disruption related to covering the tax liabilities of the JV partners for the, for the US structure that will vary.

153

02:14:28.620 --> 02:14:34.180

Dependent on the, on the profits profitability of, of the US businesses.

154

02:14:34.340 --> 02:14:54.820

Okay, okay, and just just sort of a line online comparison as I said, I just want to live it difficult to reconcile stuff like working working counter, for example, in the presentations two hundred and forteen versus, Oh, sorry, two hundred and fourteen in the presentation and then two hundred and three in financial statements. I think you.

155

02:14:55.220 --> 02:14:58.660

Breakdown earlier, that's what's, what's all driving that difference.

156

02:14:59.300 --> 02:15:15.940

Well, I mean, at a very high level difference between the financial statements and, and the senior lander group that we're now talking about are, you know, that we will be very secruals relating to, for example, l- tip and other things that, that are crude for, in the whole group.

157

02:15:17.220 --> 02:15:38.340

Financials, but are not relevant to the, the senior lender group in terms of what, what we're presenting since the, so they are strip. So there are some other and there'll be other differences that are we have to adjust for in entities that are set above the senior lender group when we come down to the, to the lender group.

158

02:15:38.340 --> 02:15:41.780

It, it changes from, from porter to quarter.

159

02:15:42.820 --> 02:15:44.820

Understood, thank you very much.

160

02:15:47.300 --> 02:15:51.540

The next question is coming from Jonathan, please go ahead.

161

02:15:57.540 --> 02:15:58.660

Hello.

162

02:16:02.020 --> 02:16:06.500

I can't hear you. now if I don't, I've got you now, I think.

163

02:16:07.140 --> 02:16:28.260

Okay, I've got it now. Thank you, thanks for keeping the question. I'm just trying to reconcile what would be, you know, quite a resilient top line performance and gross revenue in Q3, but potentially the net revenue lines isn't the same directionally, I think called the revenue per consolidated statement of it revenue per condensed consolidated statement.

164

02:16:28.900 --> 02:16:31.780

Could you just help me reconcile the two there? Please.

165

02:16:32.219 --> 02:16:48.740

Yes, I think like the main thing is the disposals. So the one at the bottom dealing a page nine, for example, the press release where you got gross revenue growth three point eight, but I think you're saying the revenue book, a dense consolidated minus four point, four.

166

02:16:50.059 --> 02:17:09.860

You can see there's a sort of an attempt to sort of bridge that there's a bit of constant currency, but the main impact is well it's a combination, it's combination of, of changing the currency and getting it on constant currency, and then there's a hundred and forty- five million, which is the impact disposal. So, because we essentialifies selling the Public business as well as.

167

02:17:10.740 --> 02:17:30.980

Russia, which, which was a small amount that offsetting that with and also selling the Numerator e- commerce business. There's a sort of quite chunky revenues that have come out and then a little bit to come back in from Blackwood seven a little bit smaller. So, and then I'm sorry, Excel is also quite a bit revenue as well. So it's basically the M&A.

168

02:17:32.900 --> 02:17:34.139

Thank you.

169

02:17:36.099 --> 02:17:41.860

And the next question is from Katherine Braganza. Please proceed.

170

02:17:41.900 --> 02:17:51.620

Hi, I wonder if you could talk about the US business again, please and what is driving the deterioration in the top line.

171

02:17:52.139 --> 02:17:59.380

Yeah, sure, so this is when I say the US business, this is our US Insights business. So Numerator, our US panels business, which is going by.

172

02:18:01.380 --> 02:18:14.420

Insights essentially, it's been two things, Catherine. So the market's being tricky and I think a lot of other people who reported results who are roughly in our sector to accommoded.

173

02:18:15.460 --> 02:18:17.700

Technology since we keep, you keep on cutting out, I.

174

02:18:17.700 --> 02:18:18.340

Oh, I'm story.

175

02:18:18.900 --> 02:18:19.620

Or.

176

02:18:19.740 --> 02:18:21.540

Or sorry, can I try again.

177

02:18:21.660 --> 02:18:22.179

Yeah, please.

178

02:18:23.099 --> 02:18:26.660

From the beginning. So we've got two businesses, We've got Numerator. Can you hear me? Okay, now.

179

02:18:27.300 --> 02:18:47.780

OK. so Numerator, which is also us business, but that's growing double digit, but the one we're talking about is Insights, which is down five percent. The, there are two situations there. one is the environment. I think it is quite a tricky environment. A lot of other people have reported on this particular technology clients and for us, particularly in the Media solution, which is one of .

180

02:18:47.900 --> 02:19:02.139

Our second or third biggest revenue stream in that business that has been impacted by the technology clients who typically they use our Media product. They feel like what we call the Vpas, the publisher clients, the virtual publishers, they use ourMmedia product to.

181

02:19:03.219 --> 02:19:23.620

As independent verification of the effectiveness of their platform with their own advertisers, especially their big advertisers and obviously as these clients have come under financial pressure of their own, they've been cutting back a bit of their spend. So let's down about ten percent in, in the US, which is a, you know, just proportionate bit of our business in the US, but the other thing.

182

02:19:24.300 --> 02:19:44.099

Mentioned in an earlier quarterly call in a sort of, you know, to be to be Frank, you know, we did a reorganization of the business and it was the right thing to do, and it's a good structure now focused around clients and industry sectors and delivery units and it's a much more logical structure, but there was some disruption in the business and we, we lost a bit of.

183

02:19:44.380 --> 02:20:04.580

Momentum in Q two certainly and we're now settling that down. We actually now have a new leader in their experienced, our leader in North America, settling all that down and, and so we think about half of that performance has been sort of self- done and the other half is sort of market. So on the one hand, it's annoying, but.

184

02:20:04.620 --> 02:20:16.100

On the other hand, gives us, you know, confidence we can, we can get it back and it is to five percent applied, so it's unfortunate that it's not, you know, it's not huge.

185

02:20:16.100 --> 02:20:20.580

Are you seeing any signs that the self harm is, is recuperating or.

186

02:20:21.380 --> 02:20:41.060

I didn't say self harm. I would say, No, it is, it is set to the business settling down and the stabilizing the team is back in place and yeah, I mean, I think it's still a difficult market, right? So even though I think the business is now in a good stable position, it's very big business.

187

02:20:41.820 --> 02:21:01.540

Overstate the disruptions of the business and it has said it's all told as a five percent five percent drop, which is better than some other people have been reporting anyway, but still it's a very resilient business and I think it's stable and, and, you know, we're, hopefully should be, we should grow next year, but, you know, it's a, it's a big mar.

188

02:21:01.780 --> 02:21:14.340

It's uncertain and we'll see like I said, we're not seeing signs from our biggest clients have been cut back to us, but, you know that's our job to get the revenues in.

189

02:21:14.340 --> 02:21:29.860

Okay, thank you for that. Well, I also wanted to ask on restructuring along with that working capital number that previous call I mentioned. We also were given a work a restructuring number around a hundred of this year. Is that still the right number to think about.

190

02:21:32.600 --> 02:21:50.440

I think so. I've said one twenty- year haven't, I sort of a hundred and twenty, I mean, some of it's the timing of the cash, not materially different. I'm just thinking about why would be slightly different. I think that might have been a little bit more severance recently, but we'd probably go with one twenty and a hundred.

191

02:21:50.520 --> 02:21:59.880

And that's equivalent to how many full- time equivalence is that the main area you're cutting costs or is there something else going on as well?

192

02:22:00.360 --> 02:22:13.560

No, I mean the severance element of the one twenty is, is one of the smaller bits, A lot of the one twenty is around technology implementation. We've had to stand up a whole group technology team that, obviously Kantar was a carve out.

193

02:22:14.400 --> 02:22:34.680

PLC, so we've had to set up a whole central function and so a lot of it's been and also remediate a lot of infrastructure that have been under invested for, for years, so a lot of that has been that it's a smart, maybe I think about thirty- four million has been headcount a lot of that, that is related to the transition of the finance teams.

194

02:22:36.920 --> 02:22:39.800

So this is, this is coming right down next year.

195

02:22:40.440 --> 02:22:43.000

So what should we expect next year?

196

02:22:43.200 --> 02:22:48.120

Was it in total? I would expect the, the Capex one off to be around two hundred million.

197

02:22:48.840 --> 02:22:50.520

Has actually Capex.

198

02:22:50.680 --> 02:23:11.160

Okay, okay, thank you. And then the other thing I wanted to also work in capital I think, I, my interpretation of what you said was, there might be several one- offs in the working capital number. Is that right?

199

02:23:11.840 --> 02:23:13.720

Deferral M&A costs...

200

02:23:14.560 --> 02:23:31.160

Structuring et cetera. Can you split out those one- offs that are in working capital, So we can actually see or get a sense of what the underlying, you know, for a company that doesn't have inventory, how should we think about it? Shipping out those, those one- offs. Please.

201

02:23:31.640 --> 02:23:52.120

Yeah, I mean it's something I'll have to think about. I mean we've been working hard to understand this as, as you can tell, so I said earlier, I think around two thirds of that two hundred, all these is around what I would consider an unwind if creditors, which in itself is a one- off, so I have to think about that for future presentations, I'm.

202

02:23:52.120 --> 02:23:53.400

Can't do it sort of now.

203

02:23:54.680 --> 02:24:05.120

I understand, would you mind posting something on this working capital issue? How, how it's evolved on a nine month basis in a bit more detail. Please.

204

02:24:05.600 --> 02:24:07.480

Yeah, sure I have a look at it. What we can do on that.

205

02:24:08.120 --> 02:24:08.760

Thank you.

206

02:24:08.800 --> 02:24:11.040

Okay, thanks very much.

207

02:24:12.000 --> 02:24:15.760

Thank you, we don't have any more questions at the moment.

208

02:24:17.080 --> 02:24:19.000

More, I think best.

209

02:24:19.000 --> 02:24:19.640

Yes.

210

02:24:20.400 --> 02:24:24.400

And we might do this as the last one given we're nearly a time, so.

211

02:24:24.760 --> 02:24:28.600

Okay, yeah, copple your line is unmuted. Please go ahead.

212

02:24:28.600 --> 02:24:30.520

Hey guys, can you hear me?

213

02:24:30.640 --> 02:24:31.160

You can hear.

214

02:24:31.240 --> 02:24:48.200

Perfect, thank you very much for your presentation. I just have one question on page twenty eight there is a line item called other items that has been increased materially if you can break down the contributors of that author items and your expectation going forward.

215

02:24:52.920 --> 02:24:54.400

On this stage, twenty.

216

02:24:55.480 --> 02:24:56.600

Seconds.

217

02:25:12.760 --> 02:25:17.880

Hello, sorry we just scrabbling around together. So the ninety- three you're talking about in page, twenty.

218

02:25:17.880 --> 02:25:18.520

Correct, correct.

219

02:25:19.160 --> 02:25:39.640

So, yeah, so these are essentially adjustments for kind of non- cash items. So there's an Accrual in there for the Numerator business. There's a long term incentive there. So that's that is that is thirty- nine millions ninety- three. There's an, there's a foreign exchange adjustment foreign exchange.

220

02:25:39.720 --> 02:25:58.320

Movements case twenty- seven and then there's a true up the deferred consideration for WPP so that we've made basically paid pretty much they were just chewing up the accounts to the cash that came out in the October and that's twenty- seven million. So that's the, the bulk of the ninety- three.

221

02:25:59.480 --> 02:26:01.400

Got it, thank you very much.

222

02:26:03.800 --> 02:26:19.960

I think we'll maybe leave it. There's any more questions. So I think we'll just say thanks very much for everyone for, for dialing in, and obviously we'll be back to talk about the full year results in a few months time and have a good have a good afternoon. Thank you.

223

02:26:20.000 --> 02:26:25.440

Thank you everyone. That Marks, the end of your webinar. Thank you for joining and have a nice day.