EVENT DATE/TIME: March 25, 2025 / 2:00PM UK

# COMPANY SPEAKERS

* **Michael Uzielli** *Kantar Group Chief Financial Officer*
* **Peter Russell** *Kantar Group Treasurer*

# QUESTIONS FROM

* **Mary Pollock** *CreditSights - Analyst*

# PRESENTATION

**Operator**

(video playing)

Good day, ladies and gentlemen, and welcome to Kantar full year results 2024 lender call. If you would like to ask a question in the Q&A session at the end of the presentation, please follow the link in the panel below to register. Once connected, we ask that you please use the raise hand function at the bottom of your Zoom screen.

If you have dialled in, please select star nine to raise your hand and star six to unmute. Instructions will also follow at the time of Q&A. I would like to remind all participants that this call is being recorded. Questions will follow after the presentation.

I will now hand over to Michael Uzielli, Kantar Group CFO to start the presentation.

─────────────────────────────────────────────────────────────────────────────────────

**Michael Uzielli - Kantar *Group Chief Financial Officer***

Thanks, Olivia. Thank you very much. Good afternoon, everybody. Good morning. Thank you very much for joining our full year results presentation. I will be aware that I spoke to many of you across January and February through our bond transactions. So hopefully there shouldn't be any surprises in this presentation. But as usual, I'll give the overview and some of the business highlights. Then I'll hand over to Peter to talk about the leverage and the cash flows, and then I will sum up with a view on the outlook.

So moving on to slide six, please, talk about the 2024 highlights. You'll see that as flagged during the refinancing, we delivered a resilient growth of the Kantar Group level in 2024 with gross revenue growing by 2.4% to 3.4 billion.

We have seen this ongoing improvement in our business mix driven partly by the higher growth from syndicated revenues such as Numerator up 17% and Worldpanel up 7%. Our global clients, which is our 33 clients, major global clients that comprise around 26% of our revenues were up 2%. Sectors that were particularly strong were CPG, food and beverage. Technology sector has been a headwind for us during the last couple of years, although as I'll come on to, picking up in 2025, but declined in 2024 by 3%. Revenues through Kantar Marketplace, which is our tech-enabled platform for Insights, was up 23%, continuing many years of strong growth and is now approaching around 10% of Insights revenues.

And analytics, which is a, I guess essentially a capability which crosses solutions and it's where we're combining data from multiple sources and often involves a degree of prediction use of AI and machine learning, et cetera. Revenue from those sorts of products are up 7% on the EBITDA side.

Cost and margin initiatives continued, helped us deliver what we're aiming for, which is a simpler and stronger business. EBITDA was up 6%, so some operating leverage there with 755 million. The cost and headcount disciplines, delivered operational savings. Our staff costs broadly flat and our FTE was down 3% year on year. Strategic progress in many areas has flagged during the year on AI, which I'll talk about in a few minutes time.

In the Numerator business, an important development is an increase in the core panel to 200,000 households, and that's a doubling of that panel from 100,000 over the past two years.

In Worldpanel they're continuing to roll out the new platform. It started in the UK. Actually, it started in France and we finished it in the UK. We're now starting in Spain. So we're covering some of the big markets first and then expanding to a further 15 markets in 2025.

And then on the sustainability side, we achieved our SBTI certification validating our carbon reduction plans.

So the next slide, please. On the broader corporate level, we made some good progress in 2024 in three areas. Most recently, well, in fact this was early 2025, but we entered into an agreement with HIG Capital for the sale of Kantar Media, which obviously we talked about during the refinancing, for total consideration of approximately a billion dollars. That's still on track to complete around the summer.

We commenced the combination of Numerator and Worldpanel. This is something we announced in the middle of January. As we complete the three years since we acquired Numerator, end of the management earnout there, now combining these two businesses, creating a global operator, quite a powerhouse in the consumer and shopper insight space.

And then finally earlier in 2024, we signed a 10-year strategic partnership with Microsoft, which is really underpinning a lot of our technology transformation and giving us access to their leading AI expertise.

From a liquidity point of view, we ended the year at 558 million. That was an improvement on the year before, but it was also an improvement on Q3. We saw an inflow, which Peter will talk about later. The free cashflow for the year before the M&A flows was neutral, which represents a $250 million improvement versus the prior year, driven by a strong improvement in working capital, driving a 164 million year-on-year improvement, a reduction in restructuring and transformation costs down to 46 million in cash terms, which is more than half in the previous year. And of course, liquidity is further strengthened by the bond refinancing in January 2025.

So moving on to a few words on slide eight, next slide, please, on our AI progress. It has been quite a big year for us and it's certainly an increasing focus, as you would imagine, the use of AI across our business. Although we have been using AI and machine learning for many years across Kantar and in fact launched products such as Link AI, I think it was back in 2019. And so we've been doing this for many years. But we look at our initiatives across three areas. Equipping our teams, transforming the core, and innovating our offer, which is the more client facing side. Equipping our teams, improving the infrastructure and upskilling our colleagues really centred around quite a significant investment in Copilot. So in 2024, we had around 4,000 colleagues using Copilot. We're now more like 12,000. We have around 80% adoption, which is a Microsoft metric, which takes us to best in class, we understand in such rollout. So a lot of, not only are we rolling out the Copilot, we've got a lot of engagement from our people. And this is really all about re-engineering how we work, how we collaborate, simplifying our business, and obviously leading to hopefully efficiencies, which we are already seeing, and also improved service and more time with our clients.

And finally, we have a big training program, foundational training if you like, in collaboration with MIT around AI, and 1200 of our colleagues have completed this training. Transforming the core is, as it sounds, really going for the heartland of how we deliver survey and project work. And at the centre of that is an AI enabled common data platform based on the Fabric platform, which is a Microsoft data management platform, which underpins Power BI. This is very much our foundational research platform and opens up great opportunities as we transition our core work, starting with Brand, which is our biggest solution. It creates great opportunities for efficiency and also the ability to develop new products, which really links more to the right-hand side of the chart.

Other developments around our core is the expansion of our anti-fraud capabilities with Cubed, which we talked about many times, I think. And then the shopper side, scaling up our digital shopper data collection. We now collect around 80,000 digital transactions a day across the Numerator and Worldpanel. Innovating our offer, the client-facing side of AI, obviously incredibly important. There are many initiatives here. And just picking out a few, KAIA is currently being, as it's called, stands for Kantar AI Assistant. It's essentially a co-pilot sitting over their client's data so they can query in natural language, their brand data and interrogate their data that way. That's in a pilot testing phase with key clients, but is pretty exciting in terms of developing our core solutions, particularly our brand tracking solution. Concept of value. AI is in the innovation space, and that's a bit like Link AI for creative testing where we use our experience of 40,000 real-life tests, which we can then test concepts against using AI to get, within 24 hours, you can test up to a hundred different concepts. You can see the benefit for clients in terms of speed and also a high level of accuracy in terms of the outcomes. Synthetic data is a big focus for the whole industry. It allows us to enhance our data quality, particularly for hard-to-reach audiences. This is ongoing with our clients.

And finally, again, in collaboration with Microsoft, we're developing an AI-enabled end-to-end creative solution all the way from evaluating the ads to actually modifying the content. There's a lot more on AI that I could talk about, but that's just a few examples.

Okay. Moving rapidly into performance, which I'll cover quickly because it's really no surprises. Next slide, please. In fact, slide 10, please. High level view picture here. As I said, revenue up 2.4%, gross margin a bit more than that. So a bit of leverage at the gross margin level and then also the EBITDA level a bit more. So we end up with EBITDA two to three times higher than revenue, which is obviously what we want to see. Driving an increase in margin to 22% CapEx. Significantly lower than last year, which is part of how we've been able to improve our cashflow, our free cashflow, and our liquidity.

So moving on to the next slide, please. This gives us the revenue breakdown by division. Very similar themes to the previous three quarters, as you'd expect. We do see macro headwinds that are making our clients cautious, particularly in the more discretionary areas. So we're finding it difficult to grow in totality, although we do have pockets of growth in Insights in different regions and solutions, same in Profiles, but those have been the areas that have been the most headwinds. Obviously, strong growth in Worldpanel and Numerator, as I mentioned earlier. And Media, which is obviously still in our numbers and will be for a few months of time has also been growing fairly well.

Looking at the next slide please, where I've showed a view of Numerator, which is essentially the combined global panel business. So this now includes Worldpanel. We are positioning the business under the name Numerator. You effectively have a Numerator North America business and an international business for around 40 other markets, 49 markets, sorry, covered by Worldpanel. We announced on the 14th of January, we'll be combining these businesses. Numerator in the US has grown very well based on superior product quality. There's also a new revenue stream in the US around surveys where we can essentially launch instant surveys to clients, to panellists who are known to have bought the product. And that's obviously quite valuable for quick responses for clients to see to test various attitudes. Strong growth in LatAm. We're doubling the panel in Brazil. There was an ongoing digitization of how we collect data, especially in the more emerging markets. And some solid growth generally across the established markets of UK and EMEA in the panel business. So this is a business that now covers the spend for around five billion consumers globally. It's obviously a very strong business in terms of its syndicated nature, strong operating margin. We own the data so that we have complete and unrestricted use of that data, and is indeed a growing demand for this kind of data.

Moving on to Insights, we show a by solution view and then a by territory view. So thank you. Again, we have shown growth in our core solution area of Brand, which is around half our business. Brand is actually made up of brand guidance, which is most of it, but also is a brand strategy leg to it, which is a little bit more discretionary. That is actually down a little but is offset by the growth in brand guidance and overall level brand is growing. Creative is actually one of our largest other solutions and is also saying some good growth, particularly outside of the US and Singapore, where there was some quite client specific declines in 2024.

Otherwise, the themes are much the same as we've seen all year with broadly flat performance across most solutions. In the customer experience solution, we are expecting an improvement in 2025. We've launched a new product under the name of MDX. We have a good partnership with Qualtrics, which is, you'll know I'm sure is one of the big programmatic operators in the CX space. So we'll see. But there is, as I said, ongoing client caution.

And then next slide, please. Looking at it by geography. You will have noted all year that we faced some headwinds in North America, particularly in our media and creative solutions, and particularly from the large technology clients that has certainly been dragging on our numbers.

LatAm, on the other hand, has continued to grow well across pretty much all of its markets. EMEA, we've seen some growth in some of our biggest markets, but some small declines elsewhere. Broadly flat APAC. We have seen some good growth in some markets but offset by softness elsewhere. So some ups and some downs, which lead to essentially a resilient performance. The biggest area of challenge has been North America in terms of impact on our numbers simply because it is the biggest area of revenue for us, around 25% of our Insights revenues. So I'll come back to the outlook in a second, but for now I'll hand over to Peter, moving on to slide 16, who will talk about leverage and cashflow.

─────────────────────────────────────────────────────────────────────────────────────

**Peter Russell - Kantar *Group Treasurer***

Great. Thank you, Michael. So yeah, now on slide 16, which is our leverage slide. So as usual, we report our covenant EBITDA. And our leverage of our covenant EBITDA, you will note, no longer has run rate savings adjustments. So the number now stands at $762 million at the end of the year on a full 12-month basis. And the run rate savings is, the fact that it's zero is in line with our approach over the last several quarters of recognizing we have completed our original anticipated restructuring programs. And so that is now down at nil.

And so moving on to leverage, our senior secured net leverage is 4.6 times. Slight improvement over Q3 at December '24. And again, this is in line with our expectations.

And so now moving on to the next slide, I'll discuss our liquidity and cashflow on slide 17. And as usual this year, it shows the key drivers of liquidity over the last 12 months in the year to December '24. So as Michael mentioned earlier, there's been a significant uplift in our free cashflow before M&A compared to the same period last year, which is now $250 million higher on a full year basis. And again, as Michael mentioned, it's been driven by significant working capital improvements of over $160 million and also a reduction in our restructuring costs of over $70 million year-on-year on a cash basis.

And just highlighting a couple of other line items within other costs of 91 million, there are $61 million of lease payments. That's capital and interest dividends paid to minority interests of around $15 million. And also there's some FX recognized in there, which is the FX on the movement in opening and closing cash and working capital balances for over the year. And also now moving on to M&A costs of $86 million, within there is $41 million of deferred consideration, which mostly relates for our final payment for TechEdge, and there's around another $40 million of other M&A related costs and fees.

So the result is that we continue to maintain a very healthy liquidity position with senior cash of $176 million, unutilized facilities of over $380 million, giving us a total available liquidity of $558 million. And as Michael mentioned earlier, after the refinance in January of this year, we improved our liquidity position and it currently stands at around $650 million. So with that, I'll now hand back to Michael.

─────────────────────────────────────────────────────────────────────────────────────

**Michael Uzielli - *Kantar Group Chief Financial Officer***

Thank you, Peter. If we could just go on to the next slide, please. The next and final slide, in fact. So I just wanted to give a few words on the outlook. Essentially, I would say trading conditions are similar to 2024 characterized by client caution. I think the direction of travel in the last few months has been a little bit flat to becoming a bit more challenging, having maybe looked a bit better a few months ago. I wouldn't say it's any dramatic move, but I would say if anything, has got slightly harder in the last month or so.

That said, we do see an ongoing recovery from our technology clients as some of the headwinds that we have been seeing. As I mentioned, technology clients in North America, which is Media solutions and things like that, we've seen some recovery from key clients there, which we were expecting. But that, now we are seeing some signs of slowdown in other sectors such as CPG, maybe a bit on auto. So we will see. This manifests itself primarily in deferred decision making around advisory and discretionary products. The renewal rates that we see on our core tracker business on our Worldpanel Numerator recurring contracts remains very high.

Client retention remains very strong. But there is a bit more pressure on, say, the advisory solution brand strategy areas that are a little bit more one-off. This is not a new phenomenon when things are uncertain and the hope is that budgets are being deferred a bit rather than being cancelled. But that is where we are. The revenue secured for the year in terms of targets around 52% as at the end of February. That's very much actually in line with where we are planning on a continuation of these trading conditions, continuing to strictly control our costs and our headcount to manage our risk. As we've been doing for some years, our FTE has continued to fall this year, so we continue to keep our costs very much under control.

Likewise, we continue to invest in a disciplined way in the group and in technology transformation, particularly our CapEx, depending on the timing of Media completion, but let's assume it's the 1st of July, would be around $150 to $160 million. And our restructuring and transformation costs would be, it's a bit of a range here between $30 and $60. This does depend largely on initiatives relating to the technology transformation and the Numerator global integration. Whether there are costs depends on the timing of those, when we choose to make those, because there's currently a bit of a range. And anything we do on this is particularly on the technology transformation, will be linked very closely to removal of cost.

It's particularly headcount reductions, the technology enabled headcount reduction. So it'd be a strong business case and cashflow payback and improvement to operating cashflow after the investment. But that's the kind of guidance for now.

And overall, we would still be targeting as much as possible free cashflow before M&A, targeting that to be neutral in 2025. You'll remember we had the Numerator earnout payment, which was paid in the middle of March. I think the number that Peter quoted was in terms of current liquidity was after that payment was made, it's around $130 million. So we have to continue to have a very strong liquidity position having made that payment. And obviously, our cash flow will be negative after that payment, I would think. But we're targeting before that payment to show something close to neutral.

Clearly as usual, it depends on our work, capital performance, EBITDA delivery, lots of things like that. But that's the target for the team. So that's the end of the formal presentation. I'd like to invite Olivia to open up to questions, please.

─────────────────────────────────────────────────────────────────────────────────────

# QUESTIONS AND ANSWERS

**Operator**

We will now start the Q&A. (Mary Pollock at CreditSites)

─────────────────────────────────────────────────────────────────────────────────────

**Mary Pollock *CreditSights – Analyst***

Hi, thank you for taking the questions. I was wondering, I have a couple. If you could firstly start by helping us to remember what is roughly the EBITDA split by segment, especially for this new combined Numerator Worldpanel business. How should we think of that as a percent of the group EBITDA? And if you could break out for Profiles and Insights as well, or any colour at least, which is the highest margin business, et cetera. Thanks.

─────────────────────────────────────────────────────────────────────────────────────

**Michael Uzielli - *Kantar Group Chief Financial Officer***

Yeah, no, sure. Thanks, Mary. So I think I said in some of the previous meetings, so just to repeat what I've already said, the EBITDA, if you exclude Media and post the Media transaction, the EBITDA for the Numerator business, including Worldpanel would be around 40% of the group. So it's actually increasing from 33% to 40%. Therefore, I won't break out Insights Profile because they're quite interlinked, but the rest would therefore be Insights and Profiles. So that's really the split.

─────────────────────────────────────────────────────────────────────────────────────

**Mary Pollock *CreditSights – Analyst***

Wonderful, thanks. And Q4 for Insights looks particularly weak. Can you help us understand what some of the drivers were in the quarter that were maybe different from the rest of the year?

─────────────────────────────────────────────────────────────────────────────────────

**Michael Uzielli - *Kantar Group Chief Financial Officer***

Yeah. It was as forecast. When we did, there were no surprises, but the drivers were, it was a combination of things. On the revenue side we had a bit of a slowdown. We had a particularly strong Q4 in 2023, so the growth for the group in 2024 was around 1% in Q3. This last year was around 4%. If you look at it on a H1, H2 basis, it was 2.6, 2.2. So on a half year on half year it wasn't too different. But Q4 was lower. Q4 in 2023 was particularly strong. So there was just a number of areas. But the orders picked up in Q4, albeit things have cooled a bit in the last month or so.

But that was, we saw that coming, which is why we flagged it, flagged the revenue growth or 2% to 3% and we did the refinancing. On the EBITDA side, we continue to deliver savings, but obviously the longer we go on, the more we're cycling against tougher comparables because we started to reduce headcount about 18 months ago. So some of this, there's a bit less benefit from the year-on-year cost savings. But those are the main things.

─────────────────────────────────────────────────────────────────────────────────────

**Mary Pollock *CreditSights – Analyst***

Thanks. I appreciate that. And a couple of more housekeeping ones, on the free cashflow guide to neutral, does that only include Media for half the year?

─────────────────────────────────────────────────────────────────────────────────────

**Michael Uzielli - *Kantar Group Chief Financial Officer***

Yes, basically.

─────────────────────────────────────────────────────────────────────────────────────

**Mary Pollock *CreditSights – Analyst***

Okay. Just because I know you specified that for the CapEx number. I just wanted to make sure that was true for the group free cash flow as well. And on the year non-recourse factoring, what was outstanding as of year-end?

─────────────────────────────────────────────────────────────────────────────────────

**Peter Russell - *Kantar Group Treasurer***

It was $180 million.

─────────────────────────────────────────────────────────────────────────────────────

**Mary Pollock *CreditSights – Analyst***

180. Thanks. And I know, could you provide any other colour on working capital this year? I guess I'm a little bit surprised. I expected free cash flow expectations to be slightly stronger this year. I know it's a little bit funky because you've got half a year of the senior interest payments and then you sell Media. There's a lot of moving parts. But I guess, are you expecting, what are you expecting for working capital? Is that the delta that's keeping free cash flow soft this year? Anything else that you haven't specified would be helpful.

─────────────────────────────────────────────────────────────────────────────────────

**Michael Uzielli - *Kantar Group Chief Financial Officer***

Yeah. I think, well, the guidance I've given in the past is that to assume around $50 million negative for working capital as a guide. Obviously we hope to do better. And if it can be better, it will be. But that's what I've said.

─────────────────────────────────────────────────────────────────────────────────────

**Mary Pollock *CreditSights – Analyst***

Okay.

─────────────────────────────────────────────────────────────────────────────────────

**Michael Uzielli - *Kantar Group Chief Financial Officer***

Yeah.

─────────────────────────────────────────────────────────────────────────────────────

**Mary Pollock *CreditSights – Analyst***

Thanks so much.

─────────────────────────────────────────────────────────────────────────────────────

**Michael Uzielli - *Kantar Group Chief Financial Officer***

Okay. Thanks, Mary.

─────────────────────────────────────────────────────────────────────────────────────

**Operator**

Just a reminder, if you would like to ask a question, please follow the link in the panel below to register. Once connected, if you wish to ask a question, please use the raise hand function at the bottom of your Zoom screen. We will pause a moment to allow raise hands. There are no further questions on the webinar. I will now hand over to Michael Uzielli for closing remarks.

─────────────────────────────────────────────────────────────────────────────────────

**Michael Uzielli - *Kantar Group Chief Financial Officer***

Great. Thanks, Sylvia. Well, I'm not too surprised because we have had lots of dialogue in the last few weeks. So we will thank you for dialing in and we will be back in a month or so to report on our first quarter results. Thanks very much and have a good day.

**DISCLAIMER**

The London Stock Exchange Group and its affiliates (collectively, "LSEG") reserves the right to make changes to documents, content, or other information on this web site without obligation to notify any person of such changes. No content may be modified, reverse engineered, reproduced ordistributed in any form by any means, or stored in a database or retrieval system, without the prior written permission of LSEG. The content shall not be used for any unlawful or unauthorized purposes. LSEG does not guarantee the accuracy, completeness, timeliness or availability of the content. LSEG is not responsible for any errors or omissions, regardless of the cause, for the results obtained from the use of the content. In no event shall LSEG be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs or losses caused by negligence) in connection with any use of the content even if advised of the possibility of such damages.

In the conference calls upon which Summaries are based, companies may make projections or other forward-looking statements regarding a variety of items. Such forward-looking statements are based upon current expectations and involve risks and uncertainties. Actual results may differ materially from those stated in any forward-looking statement based on a number of important factors and risks, which are more specifically identifiedin the companies’ most recent SEC filings. Although the companies may indicate and believe that the assumptions underlying the forward-looking statements are reasonable, any of the assumptions could prove inaccurate or incorrect and, therefore, there can be no assurance that the results contemplated in the forward-looking statements will be realized.

LSEG assumes no obligation to update the content following publication in any form or format. The content should not be relied on and is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment and other business decisions. LSEG does not act as a fiduciary or an investment advisor except where registered as such.

THE INFORMATION CONTAINED IN TRANSCRIPT SUMMARIES REFLECTS LSEG'S SUBJECTIVE CONDENSED PARAPHRASE OF THE APPLICABLE COMPANY'S CONFERENCE CALL AND THERE MAY BE MATERIAL ERRORS, OMISSIONS, OR INACCURACIES IN THE REPORTING OF THE SUBSTANCE OF THE CONFERENCE CALLS. IN NO WAY DOES LSEG OR THE APPLICABLE COMPANY ASSUME ANY RESPONSIBILITY FOR ANY INVESTMENT OR OTHER DECISIONS MADE BASED UPON THE INFORMATION PROVIDED ON THIS WEB SITE OR IN ANY SUMMARY. USERS ARE ADVISED TO REVIEW THE APPLICABLE COMPANY'S CONFERENCE CALL ITSELF AND THE APPLICABLE COMPANY'S SEC FILINGS BEFORE MAKING ANY INVESTMENT OR OTHER DECISIONS.

Copyright ©2024 LSEG. All Rights Reserved.