

21 July 2020

# INTERIM RESULTS PRESENTATION

6 months ended 30 June 2020

**Swag Mukerji**

Chief Executive Officer

**Simon Longfield**

Chief Financial Officer

# Agenda

**01** Highlights

**02** Financial Performance

**03** Business Unit Review

**04** Strategy

**05** Questions

**06** Appendix





**Advise, Inform, Connect**

# Our Vision

To be an international provider of market intelligence and specialist consultancy that inspires and enables people to excel at what they do within the marketing and legal professions



An international provider of business information and specialist consultancy to the marketing industry



## THE LAWYER

A trusted source of insight for the UK legal profession and a leading provider of intelligence to the global market

## H O R I Z O N BY THE LAWYER

1. the place in the distance where the earth and the sky appear to meet
2. a person's horizons are the limit of that person's ideas, knowledge and experience

Welcome to our new, early-morning email, available exclusively to subscribers. Horizon aims at the long view; it's data-rich, strategic food for thought about competing in the business of law.

Horizon doesn't replace our other newsletters, especially *Breaking News* and *The Lawyer News Daily*; these will continue to alert you instantly to the top stories each day.

# HIGHLIGHTS



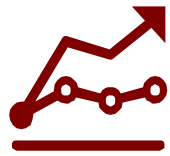
# Cost minimisation largely offset revenue loss caused by COVID-19

- Centaur started the year well building on momentum from Q4 2019

- Further steps taken to minimise costs on top of existing cost-saving measures from 2019 – offsetting revenue loss

- COVID-19 hit revenue but EBITDA sustained by impact of cost savings

- Balance sheet remains strong – net cash of £8.4m and dividend postponed



**Revenue**  
£17.7m  
(£24.1m)



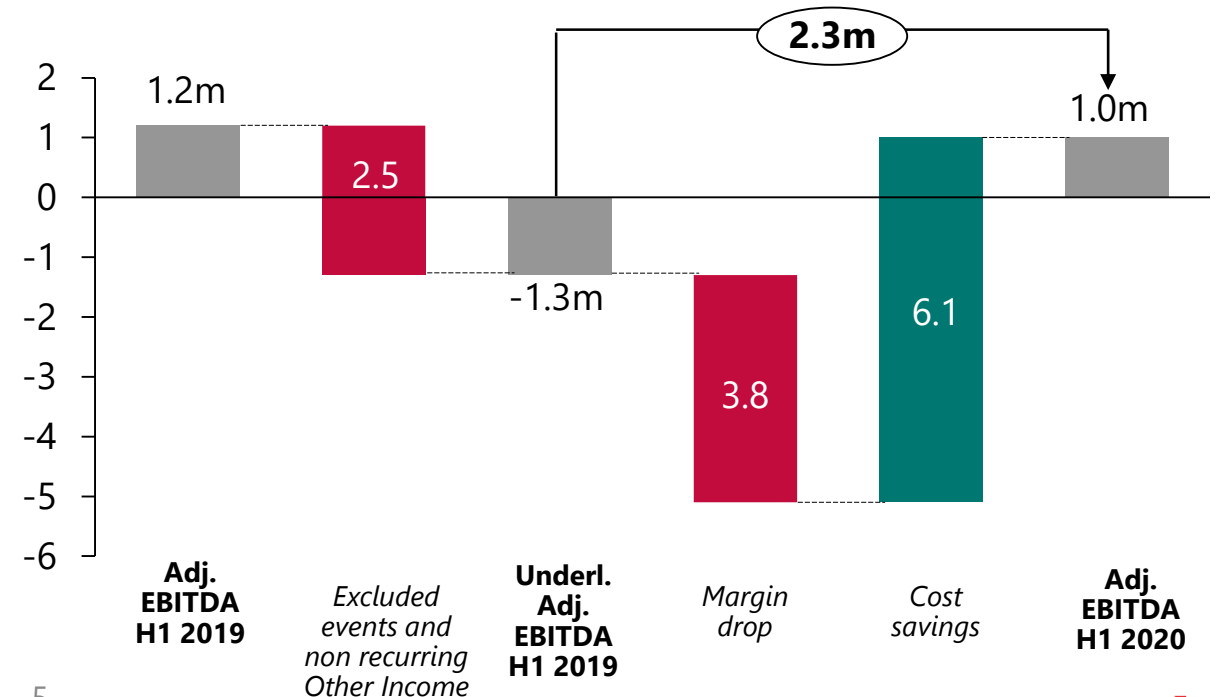
**Net cash**  
£8.4m



**EBITDA**  
£1m  
(£1.2m)



**EBITDA margin** 5.6%  
(5%)



# Investment in digital was vital to adapting operations through COVID-19

Despite the significant COVID-19 impact, Centaur has remained cash generative through agile response to customer needs



Mini-MBA continues to perform well (y-o-y delegate numbers more than doubled)

Econsultancy has suffered and responded by converting to online training

Influencer Intelligence new platform launched in 2019 and further enhancements to be launched in H2

Festival of Marketing repositioned as paid-for online learning, development and networking experience

MarketMakers Group undergoing restructure into a smaller business focused on Really B2B marketing agency

## THE LAWYER

The Lawyer.com usage KPIs grew significantly

Launch of Horizon created "digital habit" which drove strong corporate renewals

Events postponed to H2 due to COVID-19 – these will be run online

Won Business Information Product of the Year at PPA Awards



# FINANCIAL PERFORMANCE



## Financial results

£m	HY 2020	HY 2019
<b>Revenue</b>	<b>17.7</b>	<b>24.1</b>
Other operating income	-	1.0
Operating expenses	(16.7)	(23.9)
<b>Adjusted EBITDA</b>	<b>1.0</b>	<b>1.2</b>
<i>EBITDA margin</i>	5.6%	5.0%
Depreciation and amortisation	(2.1)	(2.5)
<b>Adjusted operating loss</b>	<b>(1.1)</b>	<b>(1.3)</b>
<b>Group statutory (loss) / profit after taxation</b>	<b>(13.9)</b>	<b>6.0</b>

- Revenues fell by 27% to £17.7m due to impact of COVID-19 and by 18% on an underlying<sup>1</sup> basis

- Strong performance in Q4 2019 and early 2020 prior to COVID-19. Q2 revenues hit hard by closure of large parts of UK economy

- Group adjusted EBITDA decreased from £1.2m to £1.0m (Xeim: £2.9m to £2.1m & The Lawyer £1.7m to £0.6m)

- EBITDA margin improved from 5% to 5.6%

- Central costs reduced from £4.4m to £1.7m

- Group statutory loss includes £11.0m impairment of MarketMakers goodwill and £0.6m of staff restructuring costs

<sup>1</sup> Underlying revenue excludes the impact of VBR which was sold in H1 2019, MWL which was closed in H1 2019 and The Lawyer events which took place in H1 2019 but have been moved to H2 in 2020.



## Balance sheet

	HY 2020 £m	HY 2019 £m
Goodwill and other intangible assets	48.3	63.1
Property, plant and equipment	5.2	2.6
Deferred taxation	2.3	0.8
Deferred income	(9.9)	(10.5)
Other current assets and liabilities	(3.3)	1.2
Non-current liabilities	(3.3)	(1.3)
<b>Net assets before cash</b>	<b>39.3</b>	<b>55.9</b>
Net cash	8.4	14.4
<b>Net assets</b>	<b>47.7</b>	<b>70.3</b>

Dividend paused until impact of COVID-19 become clearer

Access to £10m lending on which net debt/earnings covenant tests waived until 30 Sep 2021 – part of undrawn £25m facility

## Cashflow statement

	HY 2020 £m	HY 2019 £m
<b>Adjusted operating (loss)/profit</b>	(1.1)	1.6
Depreciation, amortisation and impairments	1.1	1.9
Movement in working capital	3.2	(0.9)
<b>Adjusted operating cash flow</b>	<b>3.2</b>	<b>2.6</b>
Capital expenditure	(0.6)	(0.4)
Exceptional items	(3.4)	(0.7)
Disposals	(0.1)	16.0
Dividends	-	(2.1)
Other cashflow	-	(1.1)
<b>(Decrease) / Increase in net cash</b>	<b>(0.9)</b>	<b>14.3</b>
Opening net cash	9.3	0.1
<b>Closing net cash</b>	<b>8.4</b>	<b>14.4</b>

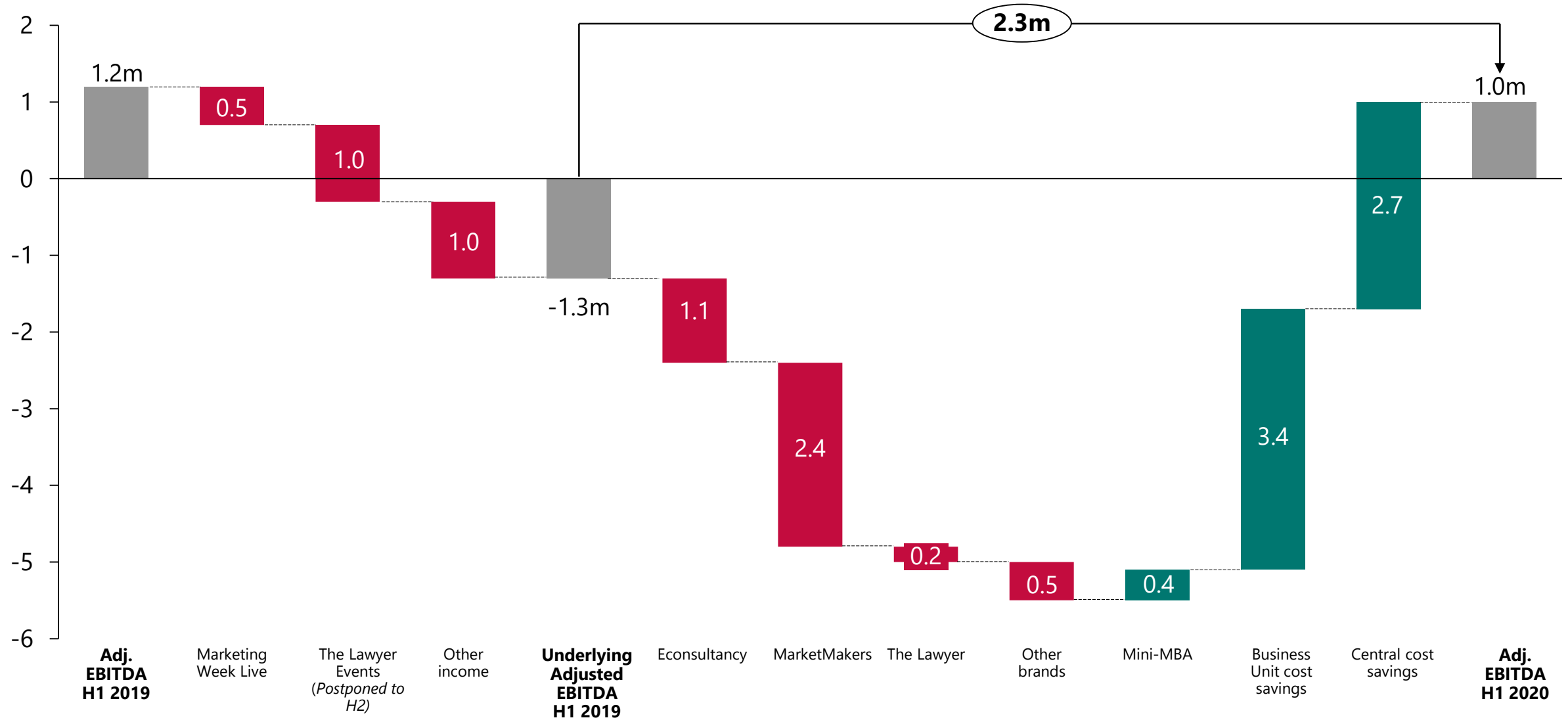
Cash collection has remained strong during COVID-19

Cashflow include benefit of £1.5m relating to Wells St office and £1.0m of VAT deferral under the government scheme

Exceptional cashflow: 2019 disposal/ redundancy programme

HY2019 includes discontinued operations and proceeds from disposals

# Group EBITDA



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# Outlook

Little visibility beyond Q3 owing to ongoing uncertainty

H2 performance depends on performance of online Festival of Marketing and The Lawyer events

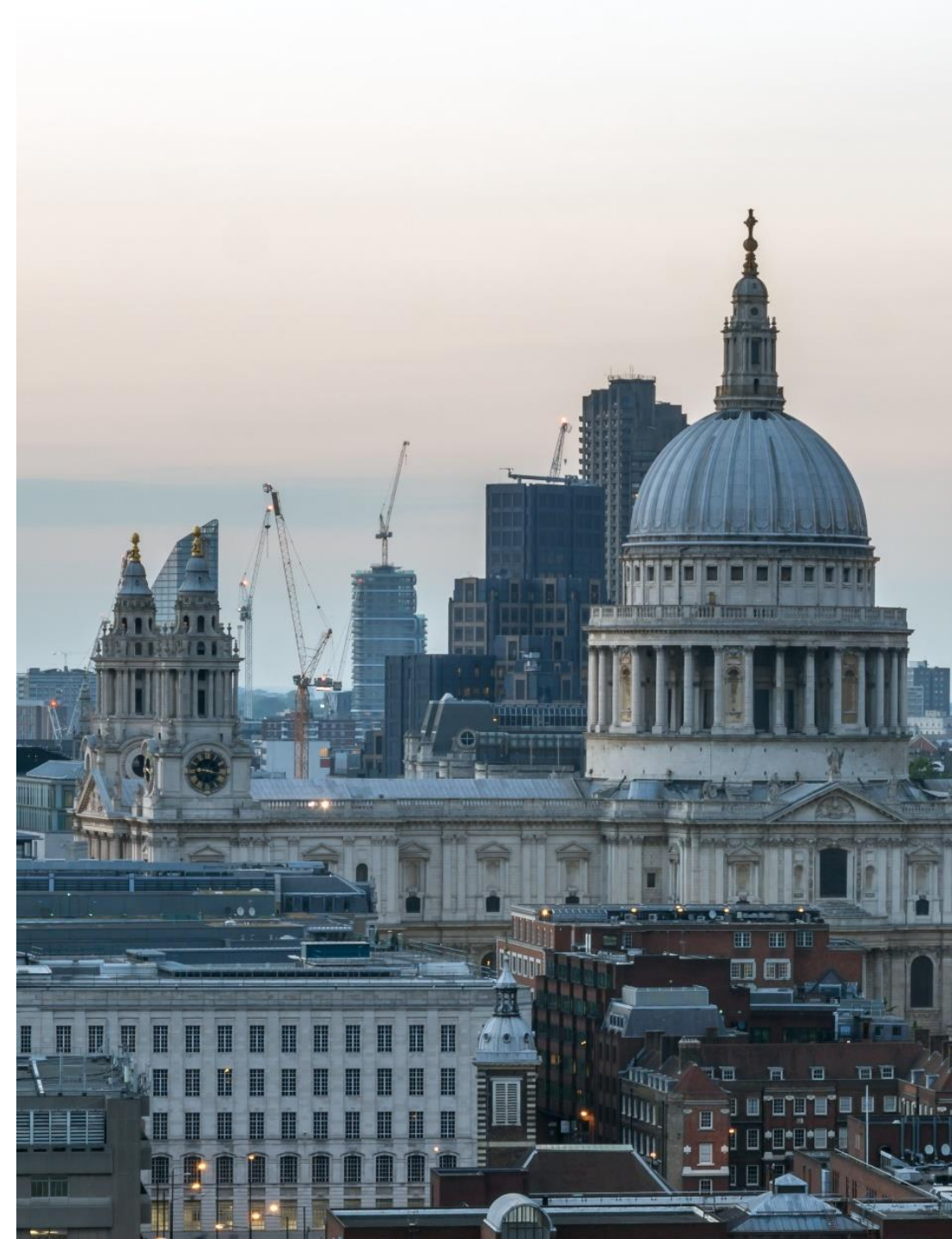
Performance will also depend on wider macro-economic and COVID-19 situation

For H2 we expect:

- Revenue mix will slightly reduce gross margins
- No Other Income (as in H1)
- Business Unit cost savings  $\geq$  cost savings made in H1, compared with H2 2019
- Central costs to remain at the same level as in H1

Will provide guidance when we have a clearer view on trading and the economic uncertainties

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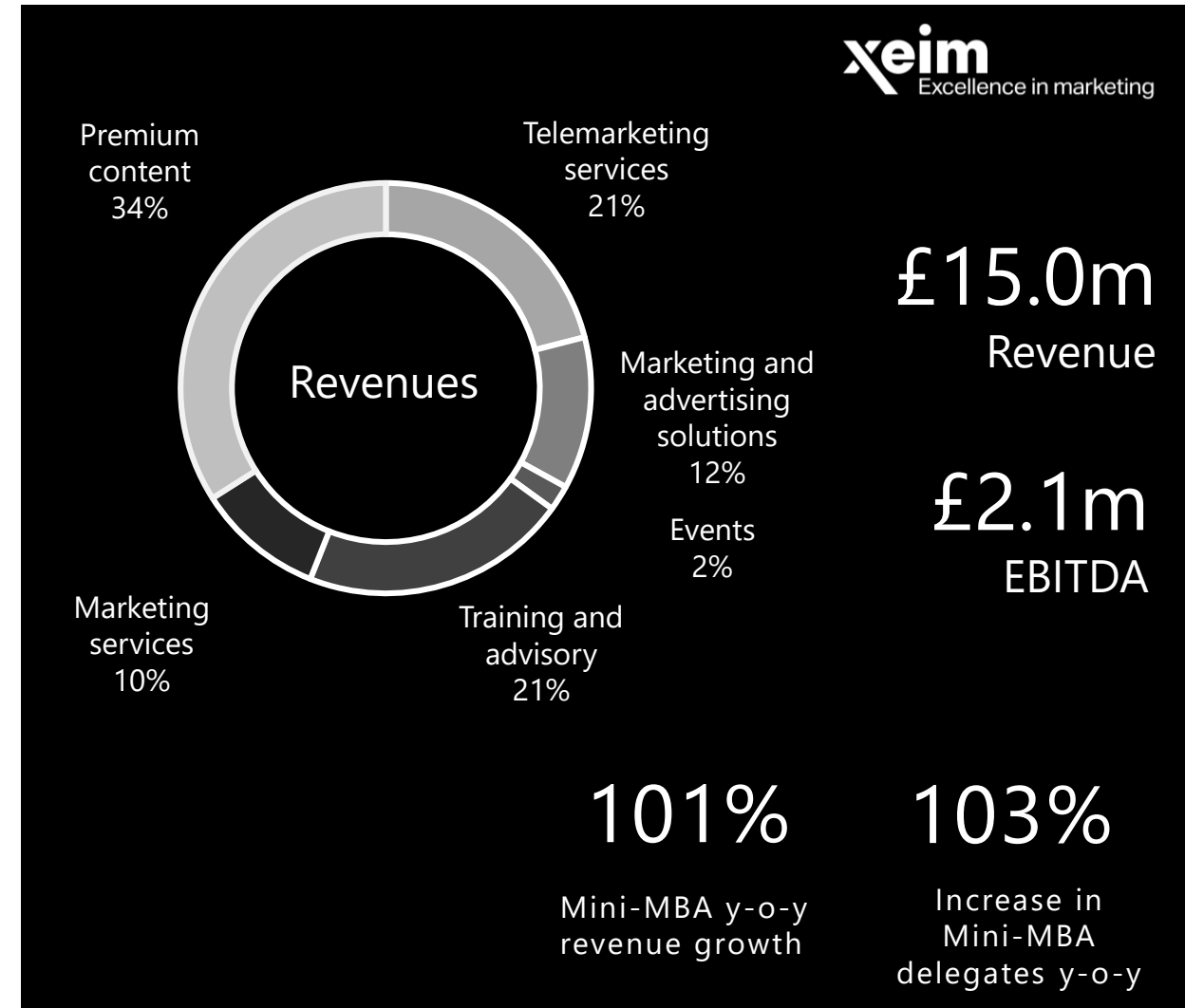


# BUSINESS UNIT REVIEW



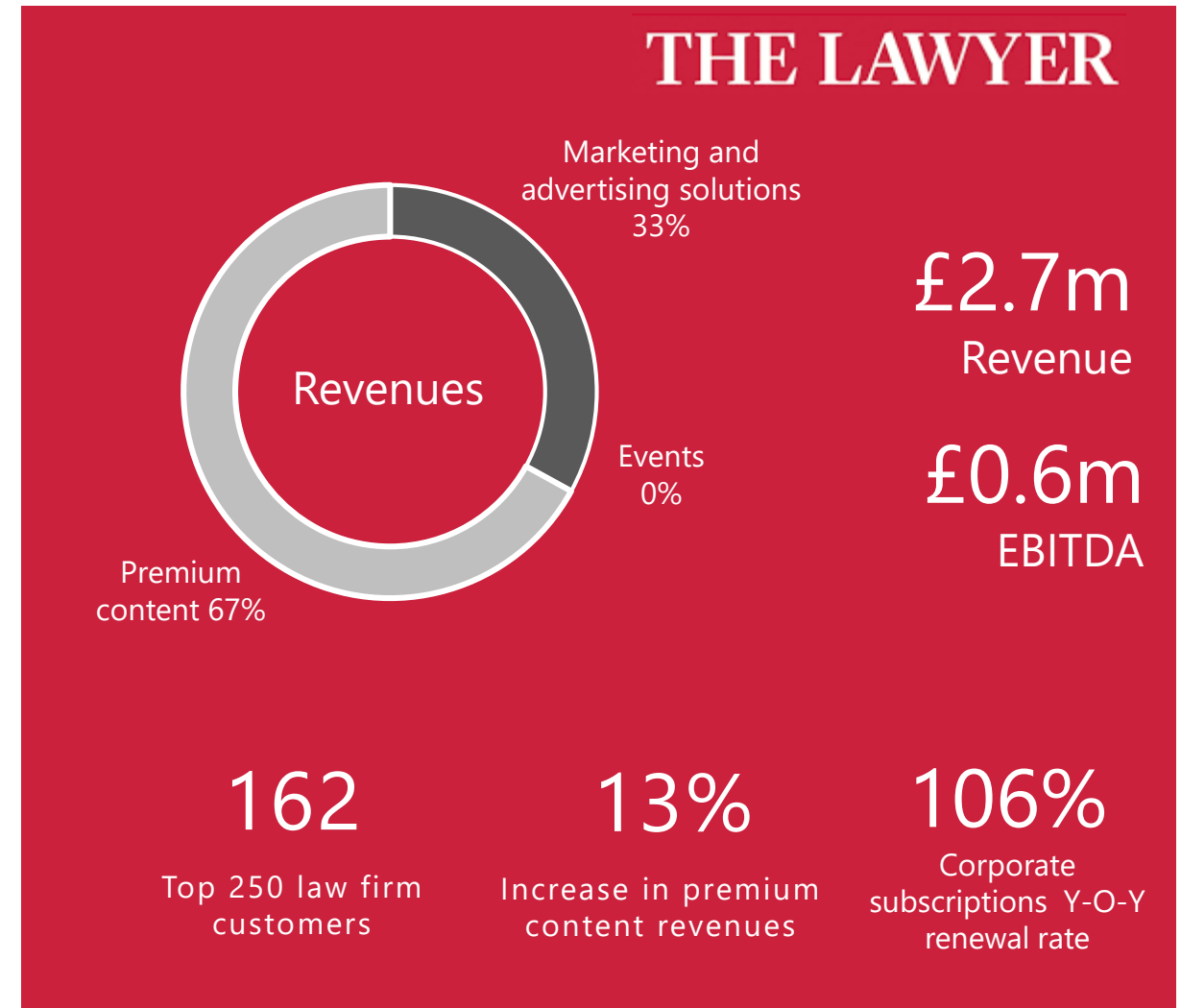
# Xeim

- Revenues fell to £15.0m (2019: £19.7m)
- Adjusted EBITDA fell to £2.1m (2019: £2.9m)
- MarketMakers hit by significant COVID-19 related drop in revenue
- Econsultancy reduced costs & shifted training online as customer levels reduced
- Influencer Intelligence saw good revenue growth in Q1, offset by significant fall in Q2. Overall revenues were flat. New product features will be launched in H2
- Marketing and advertising solutions revenue down 22% as a result of reduced recruitment activity
- Mini-MBA saw doubled revenues and delegate numbers, and expanded bespoke work for companies



# The Lawyer

- Revenues fell to £2.7m (2019: £4.4m)
- Adjusted EBITDA fell to £0.6m (2019: £1.7m)
- Significant impact from postponement of events from H1 2020 to H2 2020 – as a result of COVID-19
- Recruitment and other advertising hit hard by COVID-19 with a reduction of 36%
- Corporate subscription renewal rate of 106% y-o-y
- Significant increase in website visits (up 46% y-o-y)
- Premium content revenues increased by 13%
- Named Business Information Product of the Year at PPA Awards and was described as *“an innovative and commercially successful product with a very smart, clear strategy”*





# Encouraging early signs on virtualisation



Stronger online marketing campaign has improved conversion rates at Mini-MBA

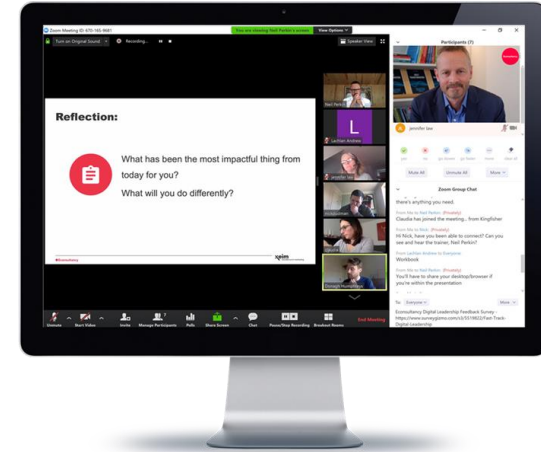
Econsultancy has evolved its blended learning from face to face to virtual training

Festival of Marketing 2020 expanding to 80 virtual sessions across five days in October

## THE LAWYER

IHFS 2020 was the first major virtual event for The Lawyer - strong senior turnout from 220+ people over 3.5 days











Maximised sponsor branding and thought leadership through video content – NPS from attendees +45



# STRATEGY



# MAP22

Areas of focus	Key deliverables
Drive international revenues from Influencer Intelligence 	<ul style="list-style-type: none"><li>Product enhancements include addition of campaign management tracking, more influencers, improved analytics</li></ul>
<b>Develop e-learning business</b> 	<ul style="list-style-type: none"><li>Continued acceleration of Marketing Week Mini-MBA business</li></ul>
Festival of Marketing 	<ul style="list-style-type: none"><li>Record 2019 attendance provides strong platform to increase revenue from sponsorship and delegates in 2020</li></ul>
Econsultancy 	<ul style="list-style-type: none"><li>Blended learning strategy includes a tailored subscriptions platform and live training programme for higher value customers</li><li>Enterprise sales of Econsultancy subscriptions and initiative to improve renewal rates</li></ul>
<b>Advertising</b> 	<ul style="list-style-type: none"><li>Creation of Xeim Labs to sell marketing solutions focused on longer-term, cross-media deals with key accounts</li></ul>
MarketMakers 	<ul style="list-style-type: none"><li>Really B2B to focus on longer-term contracts and improved renewals</li></ul>
The Lawyer 	<ul style="list-style-type: none"><li>Further new product launches to increase sales of data-based subscription products</li></ul>
<b>Cost efficiency opportunities</b> 	<ul style="list-style-type: none"><li>£5m annualised cost saving achieved by end 2019</li></ul>
Renegotiate licences and contracts 	<ul style="list-style-type: none"><li>Ongoing (Microsoft and Salesforce complete)</li></ul>
Process simplification 	<ul style="list-style-type: none"><li>Ongoing</li></ul>



# Summary

A hand is shown gripping a red wooden ladder against a clear blue sky with scattered white clouds. The ladder is positioned diagonally, extending from the bottom right towards the top left. The hand is in the lower right foreground, with fingers wrapped around one of the rungs. The overall image conveys a sense of climbing, progress, and reaching for goals.

**Prior to COVID-19 we were building on momentum from Q4 2019 and were on track to achieve targets for the year set out in MAP22**

**Centaur took decisive action to mitigate the impact of COVID-19**

**Resilient performance of strong brands throughout crisis demonstrates benefits of recent investment in digital transformation**

**Strong balance sheet with cash balance of £8.4m and substantial undrawn borrowing facilities**

**Outlook remains uncertain – but confident Centaur will emerge from 2020 a more resilient business well-positioned to take advantage of future opportunities**



**QUESTIONS?**





# APPENDIX





# Centaur's diversified revenue streams

		Premium content	Marketing services	Training and advisory	Events	Marketing & advertising solutions	Telemarketing services
Xeim	Econsultancy (inc. Oystercatchers)	✓		✓	✓	✓	
	Influencer Intelligence and Fashion & Beauty Monitor	✓					
	Marketing Week (inc. mini-MBA)			✓		✓	
	Festival of Marketing				✓		
	Creative Review/ Design Week	✓			✓	✓	
	Really and MarketMakers		✓				✓
The Lawyer		✓			✓	✓	

