



YouGov plc

Good operational progress in tough market conditions


Well positioned to benefit from continued growth in online

Preliminary results
October 2009

YouGov[®]
What the world thinks




Overview

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- Tough 12 months for the market research industry as a whole
 - Impact of economic slowdown most noticeable in:
 - the investment management business which saw demand drop considerably
 - Scandinavian market which faced considerable pricing pressure
 - Normalised PBT of £3.9m lower primarily due to increase in headcount in FY08
 - Action was taken to address costs and focus the business on growth areas
 - YouGov's revenue up 10% (down 3% on constant currency basis) and we believe we have grown market share




Good operational progress

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- Three main goals:
 1. Establishing an integrated global technology platform
 - Rolled out “G”, our “best of breed” integrated online research platform
 - Supports seamless global research operations
 2. Leveraging our geographic spread and our range of skills and experience
 - Enhanced version of BrandIndex rolled out across Group
 - Successful launch of new syndicated products
 - Rebranding brings all hubs under the YouGov banner
 - Tendering and winning larger, international mandates (EU Commission, OMD)
 3. Improving control over our costs and strengthening Group management
 - Harmonising group processes and rolling out common systems
 - Appointment of Group Operations Director and Global BrandIndex Director
 - Internal promotions to key senior roles at hub level
 - Reputation for accuracy reinforced by US election polls
 - Group headcount reduced to 413 from 452 in 2008; revenue per head increased by 20%
 - Well positioned with exciting new products to capitalise on market trends



Positioning YouGov for the future

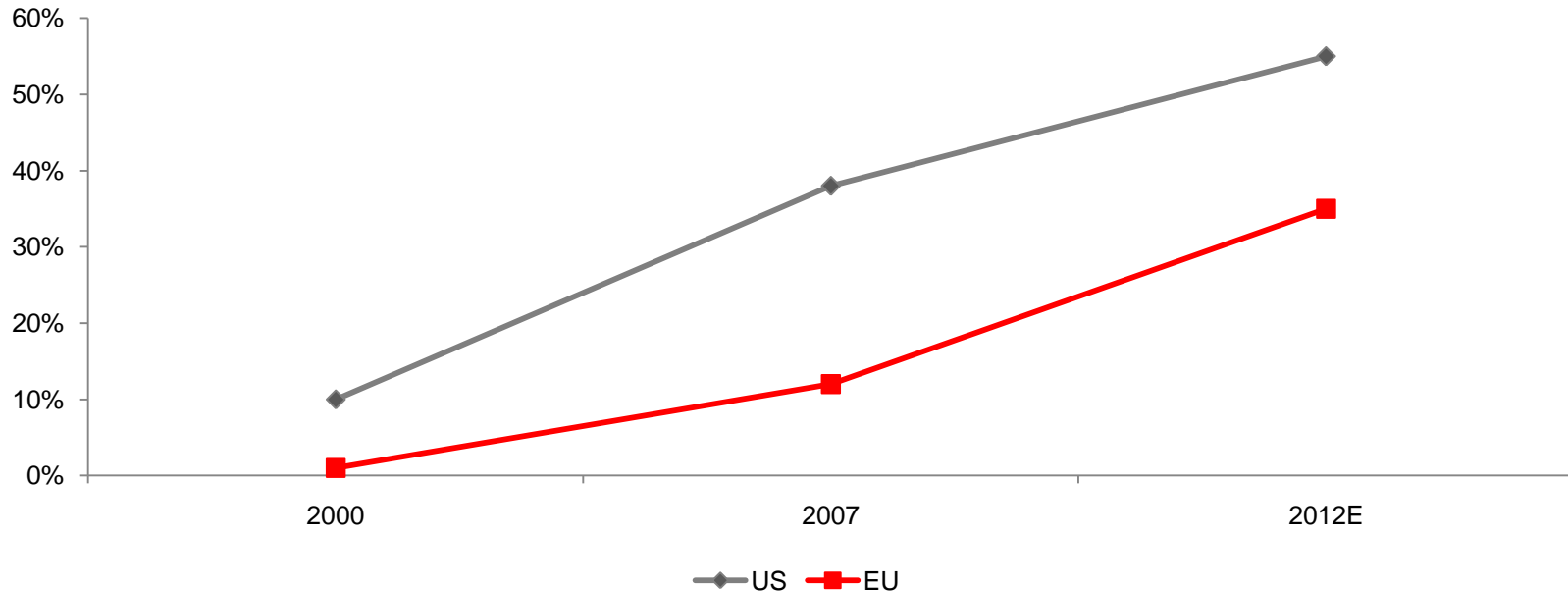
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- Market conditions remain difficult but online research will continue to be a growth area
 - We believe YouGov continues to grow market share
 - We are investing in the next stage of real-time data products
 - YouGov will benefit from the shift to online research due to our commitment to quality, engaged panels and the strength of our brand

“More and more clients around the world are opting for economically efficient technical solutions - such as online data collection.”

Didier Truchot, Chairman and Chief Executive, IPSOS

Market dynamics – the trend to Online continues

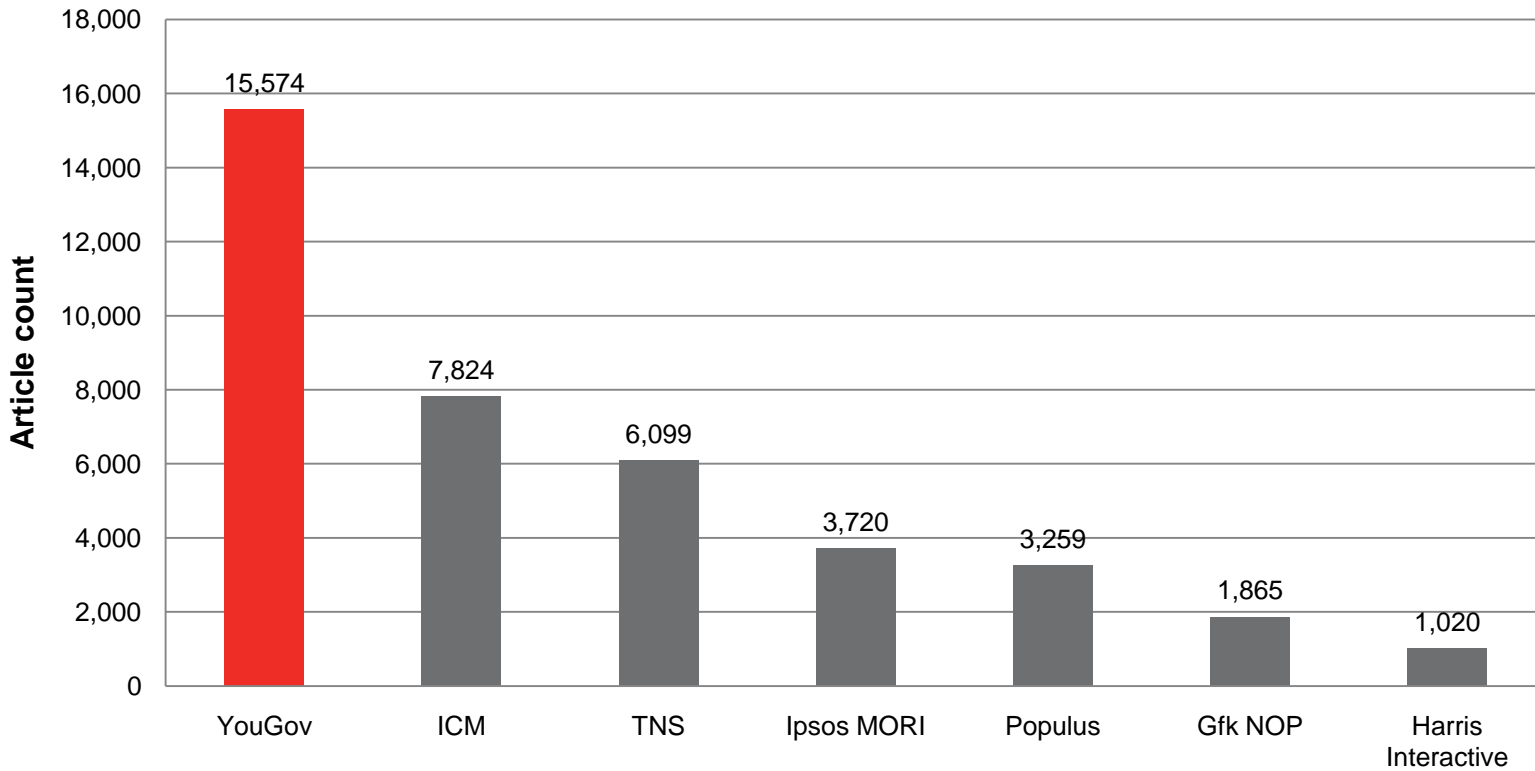
Online research penetration



- The US and European online research market will potentially be worth \$6.4bn by 2012 compared to some \$2.8bn in 2007 (Source: Ernst and Young estimates)
- European online market forecast to grow at a CAGR of 28% between 2007 and 2012

Strength of YouGov's brand


Analysis of media coverage in the UK



Source: Meltwater News
01 August 2008 - 31 July 2009



Financial overview

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- Turnover up 10% to £44.3m (2008: £40.4m)
 - Normalised operating profit of £3.1m (2008 £8.7m)
 - Normalised profit before tax of £3.9m (2008: £9.5m)
 - Reported loss before tax was £0.7m (2008: profit of £4.0m)
 - Normalised earnings per share of 2.7p (2008: 9.1p)
 - Good operating cash generation - improved to £5.3m (2008: £3.1m)
 - Balance sheet remains strong – net cash increased to £12.5m as at 31 July 2009 from net cash of £12.3m as at 31 July 2008
 - Cost reductions expected to deliver annual savings of £2.5m

Segmental analysis

	Revenue £m	Revenue growth %	Operating profit £m*	Operating margin
UK	11.1	(12)%	2.0	18%
Middle East	8.4	10%	2.8	34%
Germany	14.8	23%	0.7	5%
Scandinavia	7.4	14%	(0.2)	(2)%
USA	3.5	23%	0.2	5%
Group	44.3	10%	2.7	6%

* Operating profit before amortisation and exceptional items

Group Income Statement

- Revenue up 10% to £44.3m (2008: £40.4m)
- Gross margin decreased from 83% to 76%
- Operating expenses increased by 22% reflecting recruitment of additional staff during 2007/08
- Normalised operating profit in the period was £3.1m (2008: £8.7m)
- Normalised EPS decreased from 9.1p to 2.7p
- Group headcount reduced to 413 at 31 July 2009 from 452 in 2008
- Revenue per head increased to £107,000 from £89,000

	2008/09 £'m	2007/08 £'m
Group revenue	44.3	40.4
Cost of sales	(10.6)	(7.0)
Gross Profit	33.8	33.4
Operating expenses	(31.0)	(25.5)
Group Operating Profit *	2.7	7.9
Normalised Operating Profit	3.1	8.7
Basic EPS (p)	(0.6)	5.8
Normalised EPS (p)	2.7	9.1

*Before Amortisation & Exceptional Items

Balance Sheet

	31-Jul-09 £'m	31-Jul-08 £'m
Assets		
Non current assets		
Goodwill	33.5	33.5
Intangible assets	17.9	17.1
Other non current assets	5.2	4.0
Total non current assets	<u>56.6</u>	<u>54.6</u>
Current Assets		
Trade & other receivables	15.0	18.2
Cash & cash equivalents	12.7	13.4
Total current assets	<u>27.7</u>	<u>31.6</u>
Total assets	<u>84.3</u>	<u>86.2</u>
Liabilities		
Total current liabilities	<u>10.4</u>	<u>18.6</u>
Net current assets / liabilities	<u>17.3</u>	<u>13.0</u>
Total non current liabilities	<u>6.8</u>	<u>6.9</u>
Total liabilities	<u>17.2</u>	<u>25.6</u>
Total net assets	<u>67.1</u>	<u>60.7</u>

- Strong financial position - net cash balances : £12.5m (2008: £12.3m)

Cash Flow

- Cash flow from operating activities: £5.3m
- Debtor days at 31 July 2009 were 70 days (2008: 88 days)
- £5.2m cash invested in acquisition of Clear Horizons, deferred consideration related to previous acquisitions and capital expenditure
- £0.8m exchange gain

	2008/09 £'m	2007/08 £'m
Cash flows from operating activities		
Profit after taxation	0.2	6.1
Adjustments for:		
Non cash movements	2.8	1.5
Net working capital movement	2.4	(4.4)
Cash generated from operations	<u>5.3</u>	<u>3.1</u>
Net cash generated from operating activities	4.6	2.4
Net cash used in investing activities	(5.2)	(19.3)
Net cash generated from financing activities	(0.9)	26.4
Net increase/(decrease) in cash	<u>(1.5)</u>	<u>9.5</u>
Cash and cash equivalents at beginning of year	13.4	4.1
Exchange gain/(loss) on cash and cash equivalents	<u>0.8</u>	<u>(0.1)</u>
Cash, cash equivalents and overdrafts at end of year	<u><u>12.7</u></u>	<u><u>13.4</u></u>

UK - operational review

- Like-for-like growth in the Consulting business of 21%
- Omnibus continuing to deliver solid growth
- New syndicated product launches
- Public sector revenue growing: COI roster
- Major clients include: Asda, BBC, News International, Costa Coffee, P&O, HSBC and ING

	2008/09 £m	2007/08 £m	Growth
Revenue	11.1	12.6	(12)%
Operating profit	2.0	3.9	(49)%
Headcount	81	97	(16)%



Middle East – operational review

- Good growth of 13% in regionally generated business
- Underlying decrease in revenue of 13% due to expected reduction in major long term project
- Saudi Arabian market developing
- Panel extended to 18 countries
- YouGov now established as a leader in Arabic language online research
- Able to exploit new markets opening up in the region e.g. Iraq, Abu Dhabi

	2008/09 £m	2007/08 £m	Growth
Revenue	8.4	7.7	10%
Operating profit	2.8	3.8	(25)%
Headcount	49	45	9%

mashreq  المشرف

MARS
gcc

 virgin atlantic

CNN



 نادك
كث يوف

Google

 danya داخي

NOKIA
Connecting People

bayt.com
The Middle East's #1 Job Site

Germany – operational review

- Underlying revenue growth 6%: strong performance in market where many competitors struggled
- Retail financial services and employee research and satisfaction practices performing well
- Financial management controls significantly improved
- Online panels in Germany and Austria grown to 122k
- 25% of revenue now coming from online surveys

	2008/09 £m	2007/08 £m	Growth
Revenue	14.8	12.0	23%
Operating profit	<u>0.7</u>	<u>0.7</u>	(6)%
Headcount	172	192	(11)%



vodafone



Scandinavia – operational review

- Underlying revenue fell 2%
- Tough trading conditions with significant pressure on pricing
- Appreciation of Danish Kroner against other Scandinavian currencies caused margin pressure as centralised operating costs are incurred in Denmark
- Measures taken to cut costs
- Aim is to increase proportion of larger, higher volume projects and grow margin

	2008/09 £m	2007/08 £m	Growth
Revenue	7.4	6.5	14%
Operating profit	(0.2)	1.0	(118)%
Headcount	71	78	(9)%



USA – operational review

- Still in early stage of commercial development – good progress being made
- Strength in political polling provides a platform for brand extension – reputation for accuracy enhanced by US Election polling
- Acquisition of Clear Horizons – contribution during first 4 months in line with expectations
- Successful launch of enhanced BrandIndex in US; new clients include Microsoft, Domino's Pizza and Universal McCann

	2008/09 £m	2007/08 £m	Growth
Revenue	3.5	2.8	23%
Operating profit	0.2	(0.1)	152%
Headcount	31	30	3%



MetLife®



UM



CBS




OMD



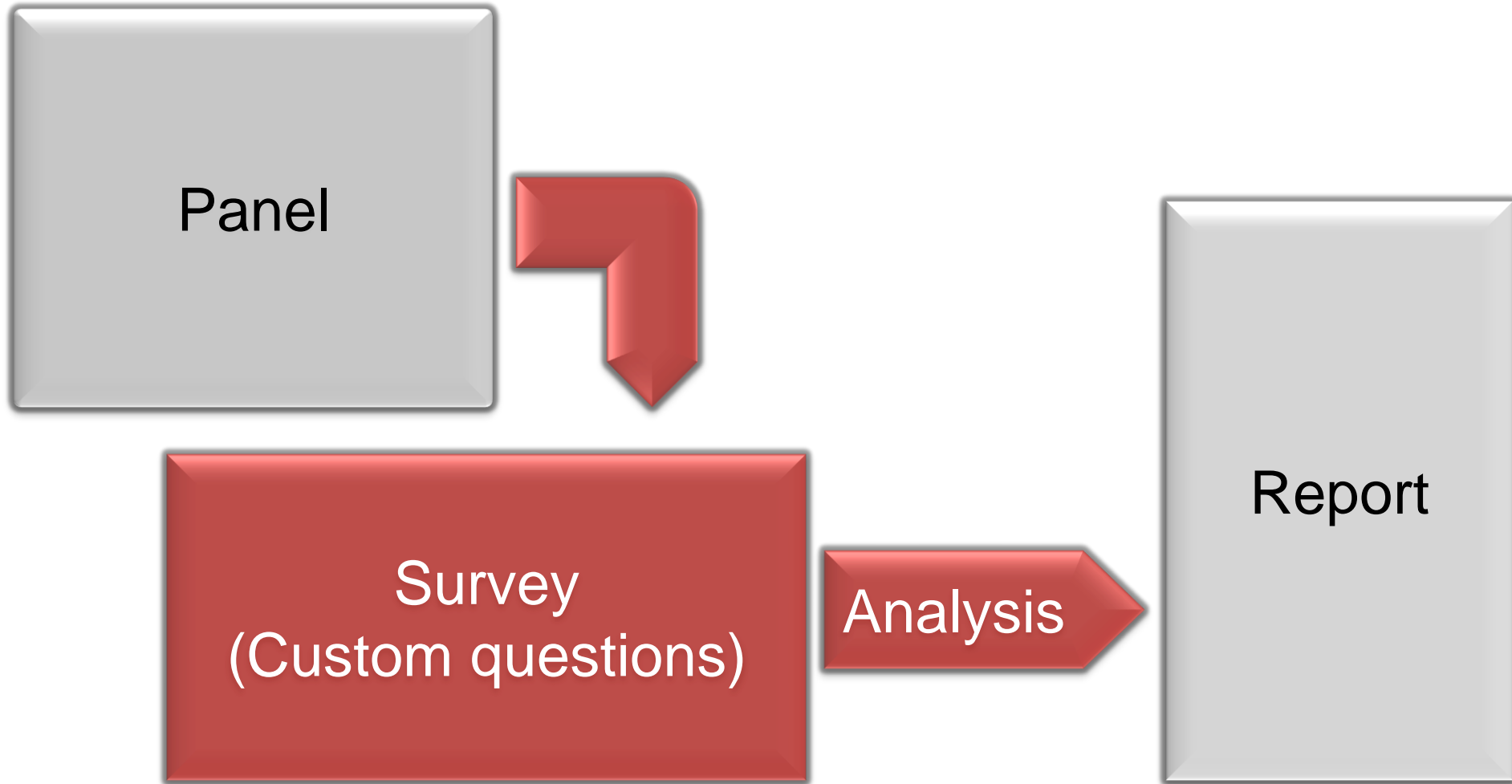
Economist.com



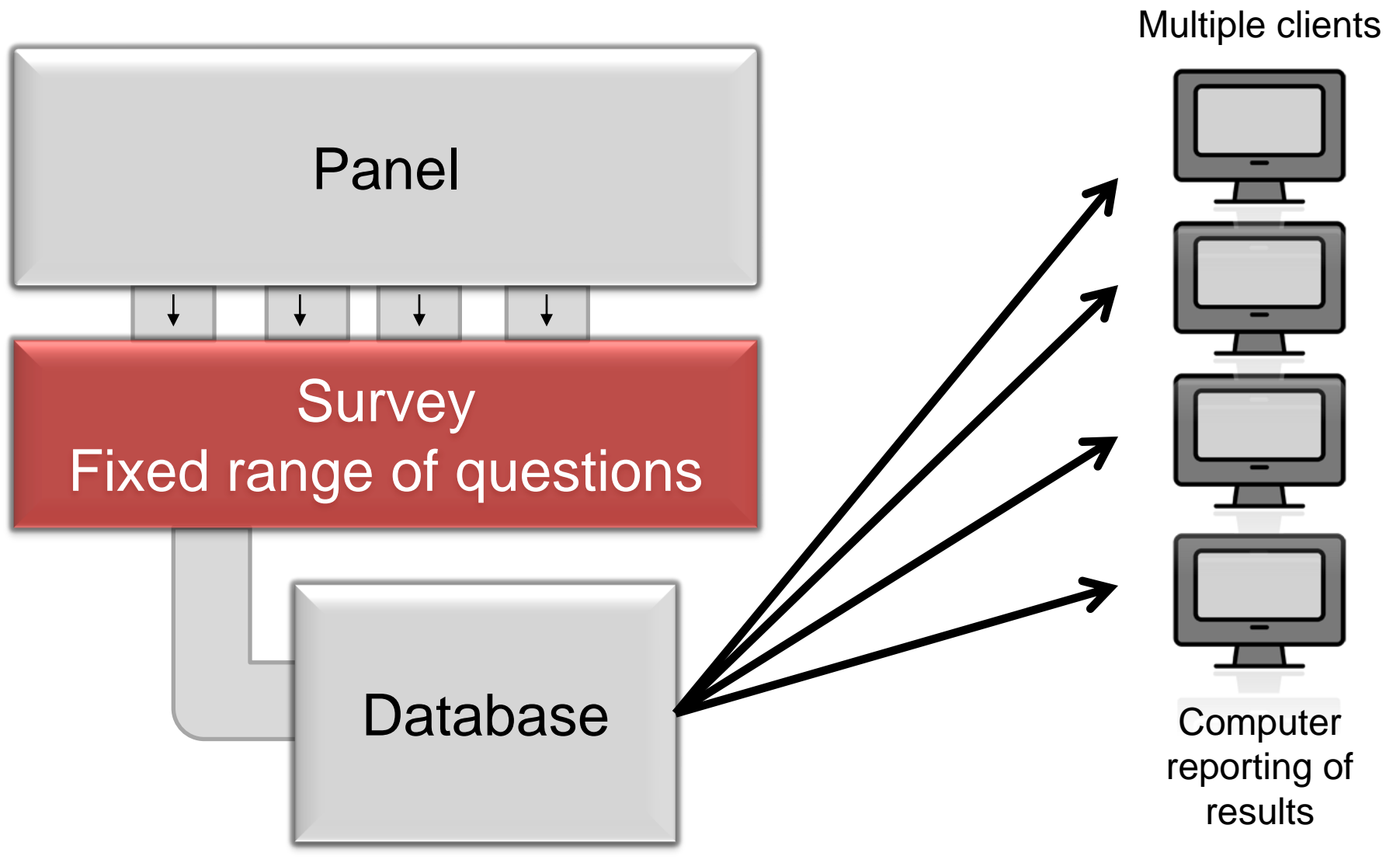
YouGov 2.0

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- Combining custom and syndicated research into one flexible offering
 - Adding data-mining to leverage the power of panel methodology
 - Building the product around the client
 - Enhancing the panellist's experience

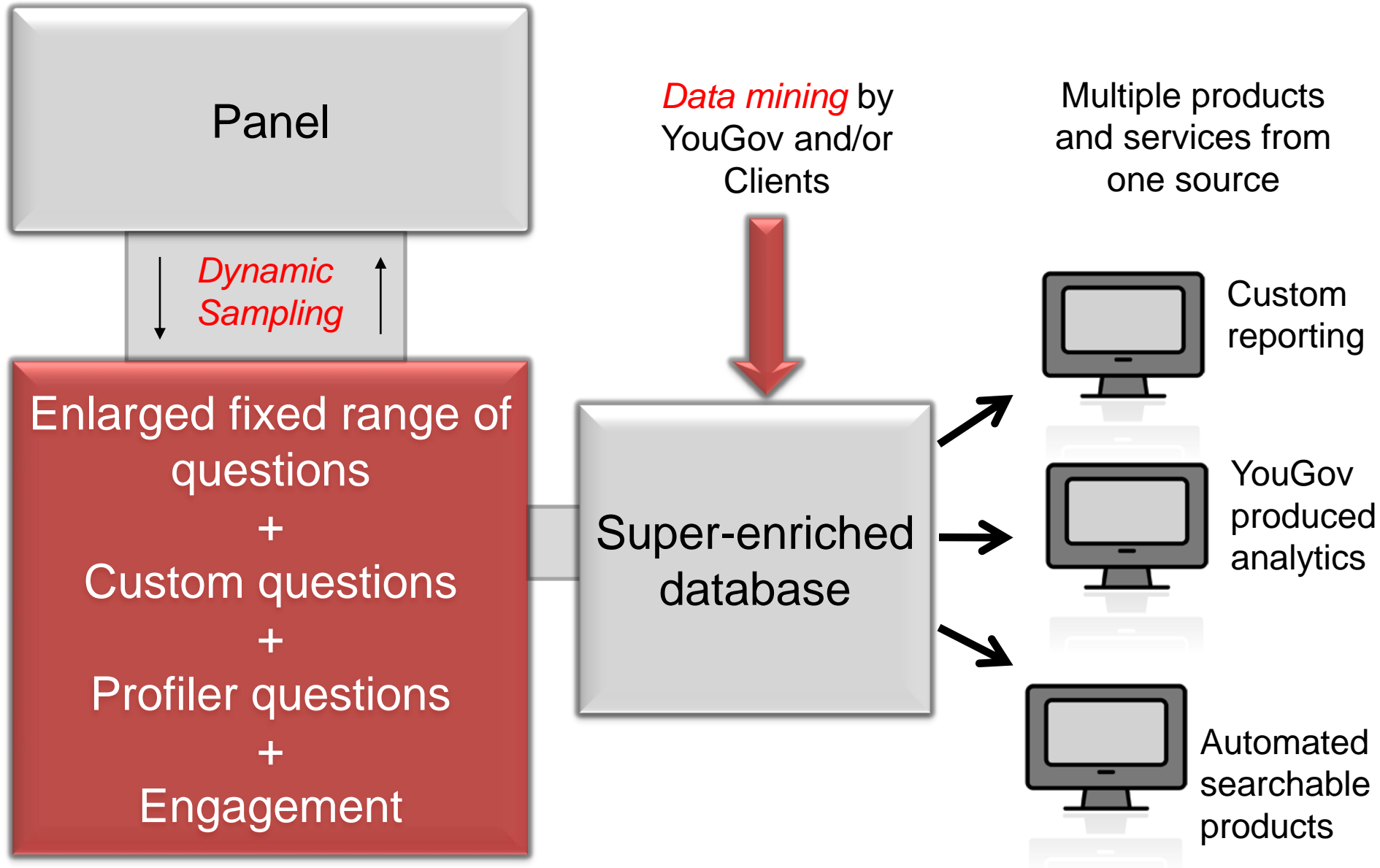
From custom research...



...to Syndicated research...




The new model: flow of data customised to client needs





Group outlook

- 
- Clients' tight control of budgets set to continue
 - But, Group now benefitting from renewed focus and reduced cost base
 - Our brand strength, the products already launched and sector expertise will help us to grow customer base
 - Well placed to capitalise on growth in online research and inexorable transition to real-time data
 - Foundation built on which we will now launch the next stage of online research
 - Confident that the innovations we are bringing to market will enhance our prospects
 - Strong balance sheet, profitable and cash generative
 - YouGov remains well positioned to generate attractive future returns