

KANTAR

Q1 2023
Presentation

May 2023



Q1 2023

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Basis of preparation

This presentation has been prepared as follows unless otherwise stated:

- We present certain financial measures on a constant currency basis in U.S. Dollars. These constant currency measures eliminate the effect of fluctuations in the exchange rates we use in the translation of our non-U.S. denominated sales into U.S. Dollars by assuming that exchange rates were constant in all periods. For financial information for the period ended 31 March 2023 and 2022, we use the budgeted constant currency rate for the year ended 31 December 2023, which is prepared on a forward-looking basis. We additionally show financial information for the period ended 31 March 2023 at the actual exchange rates calculated by taking the income statements of foreign subsidiary undertakings translated into U.S. Dollars at average exchange rates and the net assets of these companies translated at exchange rates as of 31 March 2023.
- We present certain financial measures on a Proforma basis including acquisitions and excluding disposals from the time of acquisition or disposal along with the prior year comparatives. This means for 2022 we have included three months of Qmee and Blackwood Seven results and excluded three months of Public, Numerator eCommerce, TNS Russia, and Xtel results.
- We present revenue on a gross basis, including intercompany revenue between divisions.

AGENDA

- 1 — Q1 2023 Performance**
 - 2 — Balance Sheet**
 - 3 — Trading Update**
 - 4 — Q&A**
 - 5 — Appendix**
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2023

PERFORMANCE

Q1 HIGHLIGHTS

As anticipated, 2023 has opened with slower revenue growth, reflecting macro headwinds in some markets

Kantar has made resilient progress in the first quarter: gross revenue +3%, all divisions delivering YoY growth

- Outstanding renewal performance on annually recurring contracts. Shorter turn and ad hoc work slower on client caution
- Improving business mix – higher growth from syndicated revenues such as Numerator (+18% YoY)
- Revenues through our tech-enabled platform, Kantar Marketplace, were up 22% (15+ new products and features launched)

Organic product innovation is positioning us well in the market

- Kantar BrandNow – AI powered syndicated brand tracking – launched for the UK and US markets
- Kantar BrandSnapshot – free brand equity assessment tool, powered by proprietary Kantar BrandZ data
- Numerator launched Total Commerce Panel in the US – 40% larger at 150,000 households with four years of historical data
- Launched proprietary PIPL-compliant panel ecosystem in China – only global players to have this capability

Consistent profitability achieved through cost and margin initiatives. EBITDA broadly flat YoY at \$140 million

- Tight focus on pricing discipline across all divisions, product level profitability and business mix
- Strong cost focus. Efficiency programmes continue on track, both operational savings and M&A synergies

Strong liquidity of \$626 million at the end of March

- Strengthened by €185 million TLB upside in January 2023
- Investment in capital expenditure and restructuring to drive technology transformation and cost savings
- Managing costs and cashflow to the slower revenue trend, mitigating risks given the uncertain outlook

GOOD PERFORMANCE ACROSS ALL METRICS

Q1 2023 FINANCIAL HIGHLIGHTS

Revenue

\$829m

Q1 2022:
\$803m

change:
+3%

Growth across all divisions.

Gross Margin

\$583m

Q1 2022:
\$561m

change:
+4%

Cost discipline to maintain Gross Margin.

Gross Margin %

70.3%

Q1 2022:
69.8%

change:
+0.5ppt

Gross Margin % reflects efficiency savings, Kantar Marketplace and data collection automation.

EBITDA

\$140m

Q1 2022:
\$141m

change:
-1%

Transformation plans implemented delivered margin at 17%.

Trade Working Capital

-\$227m

Q1 2022:
-\$212m

change:
+\$15m

Focus on continuous process improvements deliver working capital benefits even with +3% revenue growth.

Capital Expenditure

\$44m

Q1 2022:
\$24m

change:
+\$20m

Strong balance sheet enables continued investment in key growth platforms, technology infrastructure and business systems.

Notes:

1. Revenue (including intercompany trading), Gross Margin, EBITDA, Trade Working Capital and Capital Expenditure at constant currency Budgeted 2023 FX. Comparatives exclude divested business and include acquisitions.

GOOD TOP AND BOTTOM LINE PERFORMANCE

Q1 2023 PROFITABILITY

\$ million	Constant Currency		Change		Actual Rates
	Q1 2023	Q1 2022	\$	%	Q1 2023
Revenue	829	803	26	3%	832
Direct Cost	246	242	(4)	(2%)	246
Gross Margin	583	561	22	4%	586
Gross Margin %	70.3%	69.8%		0.5ppt	70.4%
Staff Costs	356	335	(21)	(6%)	358
Other G&A	87	85	(2)	(3%)	87
EBITDA	140	141	(1)	(1%)	141
EBITDA Margin	16.9%	17.6%		(0.7ppt)	16.9%

Continued revenue and gross margin growth

Revenue growth driven by:

- New client wins
- Client demand for trust and quality
- Increased pricing on recurring products

Staff Costs growth driven by higher headcount to support business growth and investment to attract and retain talent.

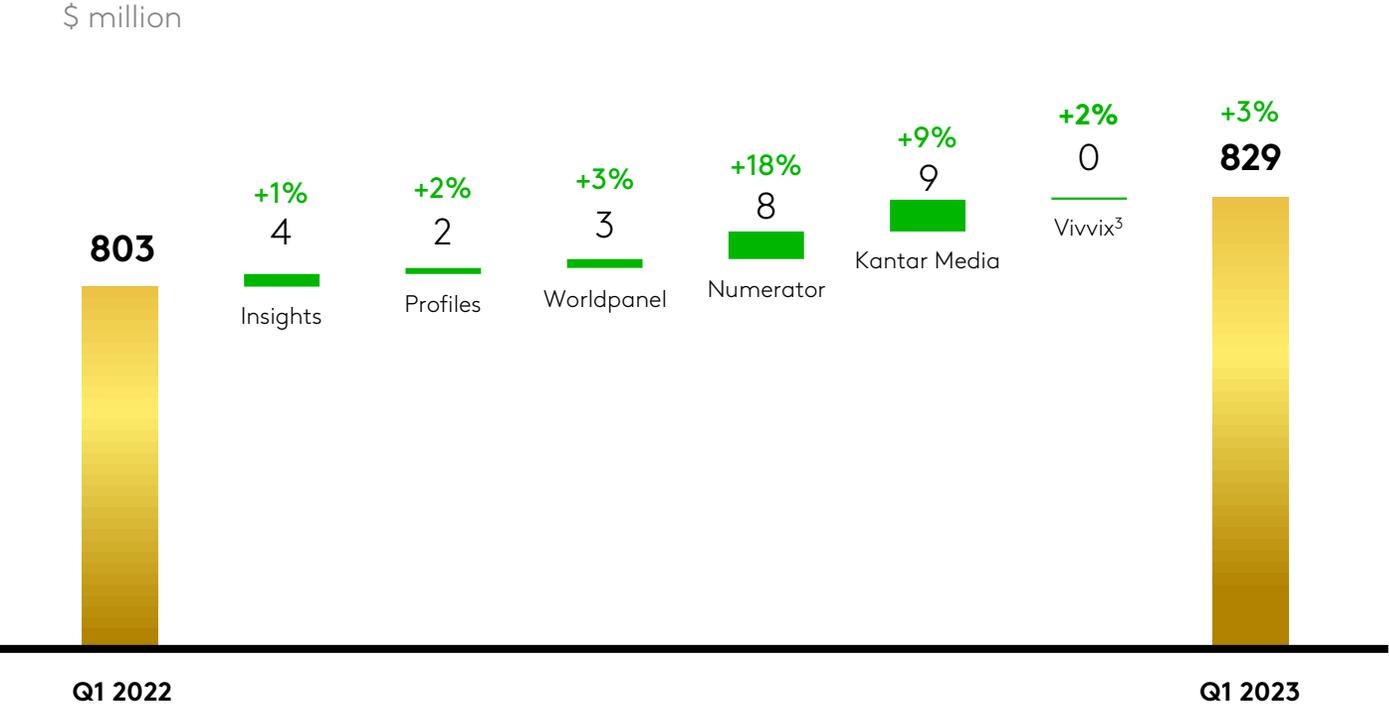
Other G&A growth driven by higher IT costs on improved platforms and additional travel costs.

Notes:

1. Revenue (including intercompany trading) at constant currency Budgeted 2023 FX.
2. Comparatives exclude divested business and include acquisitions.

ALL DIVISIONS DELIVERING GROWTH

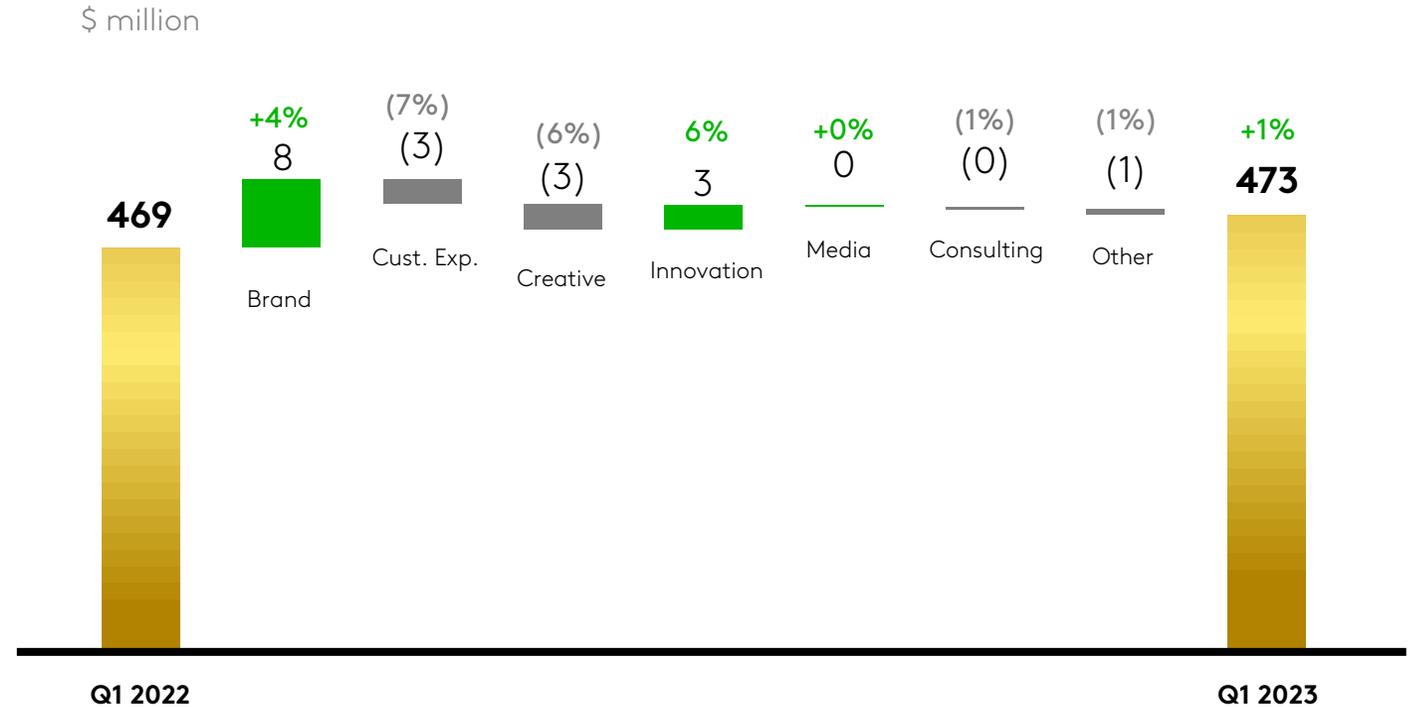
- Macro headwinds are weighing on advertising performance, leading to some client caution
- Kantar focused on solving key client challenges, including marketing effectiveness and efficiency
- **Profiles** outperforming the sector, driven by focus on data quality and anti-fraud capabilities
- **Worldpanel** has launched panel size expansions in LATAM and Asia. Strong renewal season
- **Numerator** continues its strong growth, setting new industry standards in panellist compliance
- **Kantar Media** is live with cross-media solutions in six markets, five more in development



Notes:
 1. Revenue (including intercompany trading) at constant currency Budgeted 2023 FX.
 2. Comparatives exclude divested business and include acquisitions.
 3. In 2023, our North American Advertising Intelligence (Ad Intel) business is reported as a separate division under the brand name Vivix which combines the Kantar and Numerator Ad Intel businesses.

INSIGHTS CONTINUED GROWTH IN HIGHLY RECURRING BRAND SOLUTIONS

- Clients are increasingly focusing on the importance of **Brand**, a core strength of Kantar
- **Innovation** driven by Marketplace and global clients' focus on strategic product development
- Lower revenue from **Creative** is offset by shift to Kantar Marketplace, delivering higher margin
- **Media** revenues are flat YoY, primarily reflecting softness in tech sector in North America
- **Customer Experience** growth in APAC, offset by declines in other markets

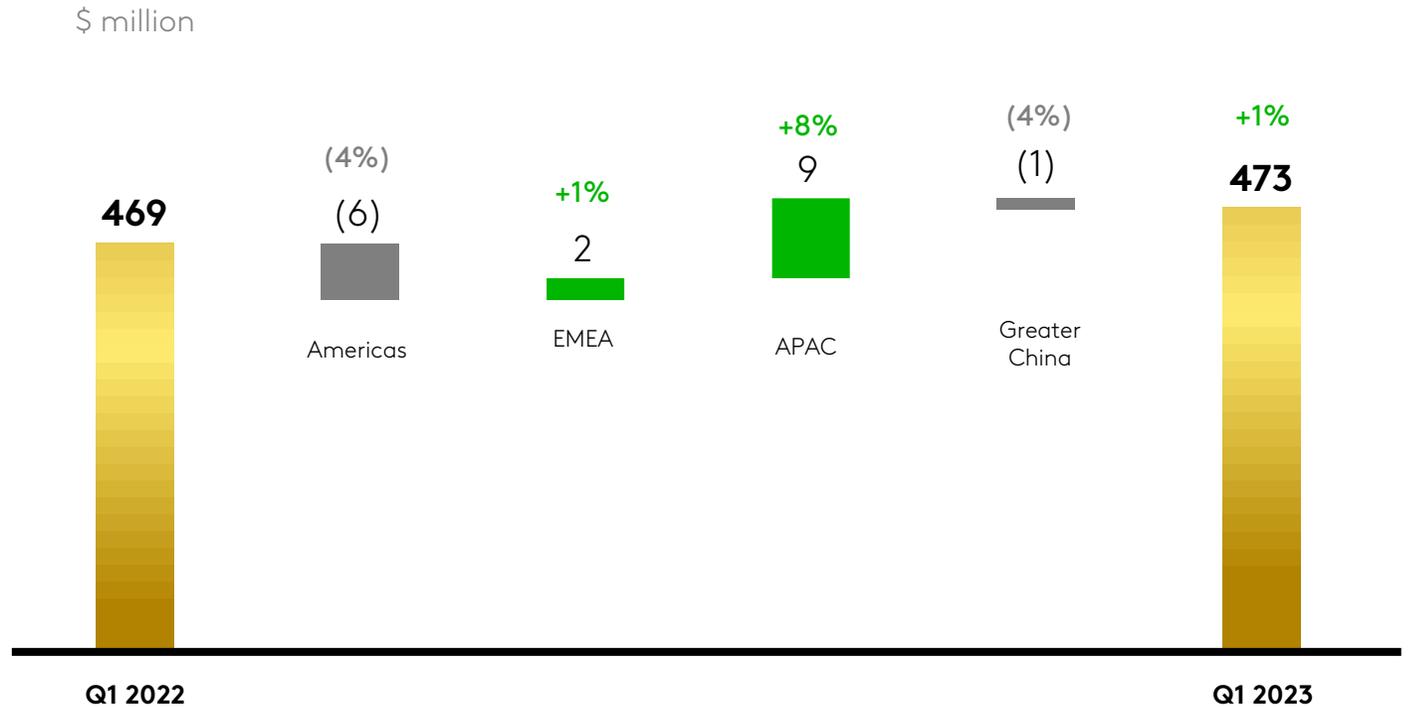


Notes:

1. Revenue (including intercompany trading) at constant currency Budgeted 2023 FX.
2. Comparatives exclude divested business and include acquisitions.

INSIGHTS MODEST GROWTH IN Q1. APAC AND LATAM REMAINED STRONG, MIXED PICTURE ELSEWHERE

- Lower revenue in **North America**, reflecting market softness (Media & Creative) and temporary impact of an internal restructure
- **LATAM** continued its double-digit revenue growth
- Strong performance in the UK and Netherlands, offset by Germany and loss of Russia/Ukraine
- Clients wins in **EMEA** include ING (Brand), HSBC (Customer Experience) and BMW (Innovation)
- **APAC** growth was particularly strong in India
- In **China**, recovery from COVID-19 lockdowns slower than expected. Successful partnership with TikTok



Notes:

1. Revenue (including intercompany trading) at constant currency Budgeted 2023 FX.
2. Comparatives exclude divested business and include acquisitions.

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BALANCE
SHEET

TRADE WORKING CAPITAL UNDER CONTROL AND INVESTMENT INCREASING AS PREVIOUSLY HIGHLIGHTED

\$ million	Constant Currency		Change
	Q1 2023	Q1 2022	\$m
Net Receivables	300	362	62
Accrued Revenue	182	215	33
Trade Payables	(373)	(427)	(54)
Deferred Income	(336)	(362)	(26)
Trade Working Capital	(227)	(212)	15
Property	8	1	(7)
IT Infrastructure	3	6	3
IT Growth Projects	33	17	(16)
Capital Expenditure	44	24	(20)

We are maintaining trade working capital, with a continued focus on overdue debts and improvements to our operations.

Capital expenditure is higher than last year as we invest in upgrading our product platforms and improving our back-office operations.

LEVERAGE IN LINE WITH EXPECTATIONS

LTM EBITDA

\$ million		Q1 2023
LTM Adjusted EBITDA⁽¹⁾		697
Impact of acquisition and disposals	①	—
Other adjustments per the Covenant definition of LTM Adjusted EBITDA	②	11
Dividends Received from Associates		10
Run-rate adjustment	③	81
Covenant LTM Adjusted EBITDA		799

NET DEBT POSITION

\$ million		Q1 2023	x Covenant Adjusted EBITDA
Cash and cash equivalents	④	(185)	
Senior Facilities		2,080	
Senior Secured Notes		1,510	
Total Senior Secured Net Debt		3,405	4.3x
Senior Unsecured Notes		464	
Total Secured and Unsecured Net Debt		3,869	4.8x
Other Debts	⑤	246	
Total Net Debt	⑥	4,115	5.2x

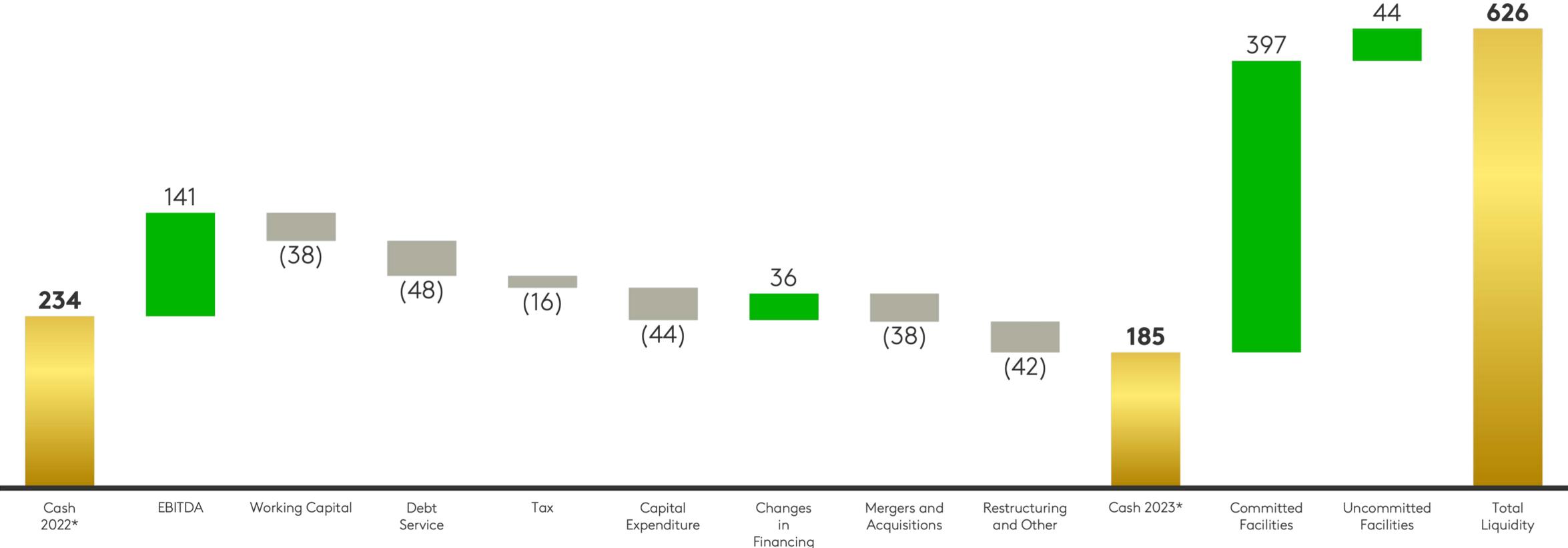
- ① Net impact of Qmee and Blackwood Seven acquisitions, Xtel transaction, sale of Public and Numerator eCommerce, and impact of Russia and Ukraine.
- ② Includes adjustments for: property taxes, non-cash pension costs, other non-cash charges, foreign exchange and proforma adjustments per the definitions within the Senior Facilities Agreement.
- ③ Estimated annualised run-rate savings as identified in the original underwriting plan as well as longer-term specifically identified transformation measures. \$81 million represents future impact from initiatives identified and being implemented as of March 2023. Run-rate adjustment for covenant purposes is limited to 25% of overall LTM EBITDA.
- ④ \$185 million of cash as at end of March and liquidity of \$626 million including available undrawn facilities.
- ⑤ Represents IFRS 16 lease liabilities, and a \$9 million loan from the WPP Group.
- ⑥ Total net debt is reflected at its aggregate principal amounts, less cash and cash equivalents, and does not reflect debt issuance costs or accrued interest expenses.

Notes:

1. Twelve months ending 31 March 2023.

LIQUIDITY REMAINS STRONG. RESTRUCTURING COSTS ARE STARTING TO COME DOWN

\$ million



Notes:
* Excludes cash outside the lender perimeter.

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TRADING
UPDATE

SUMMARY AND OUTLOOK

- Slower revenue growth in the first quarter, as anticipated, reflecting the macro headwinds
- Strong performance in contract renewals and syndicated revenues, the business has remained resilient
- Kantar is very well placed to address our clients' needs in this uncertain environment
- Tight control of costs, headcount and cash – efficiency projects remains on track
- Given the uncertain outlook, we are planning our costs based on the current revenue trends
- Investment in technology transformation continues, however one-off spend will be lower in 2023
- Net cash outflow expected in 2023, seasonally weighted towards the first half of the year
- Liquidity remains strong and we continue to prioritise working capital management
- Target to be free cashflow positive in 2024

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Q&A

5

APPENDIX

RECONCILIATIONS

FINANCIAL STATEMENT TO CONSTANT CURRENCY EBITDA

\$ million	Q1 2023	Q1 2022
Operating loss per Statement of Income	(38)	(60)
Amortisation of other intangible assets	82	72
Expenses related to events in Ukraine and suspension of activities in Russia	—	49
Depreciation of property, plant and equipment	8	11
Depreciation of right-of-use assets	14	17
Acquisition and disposal related costs	23	—
Restructuring and transformation costs	23	33
Other items ⁽¹⁾	29	21
Adjusted EBITDA – actual exchange rates	141	143
Proforma impact of acquisition and disposals	—	4
Foreign exchange for constant currency	(1)	(6)
Adjusted EBITDA – constant currency	140	141

Notes:

1. Relate to share-based payment charges and associated costs and other adjusting items that are not indicative of trading performance by management by virtue of their size and/or incidence.

REVENUE, CASH AND CAPITAL EXPENDITURE RECONCILIATIONS

GROSS REVENUE RECONCILIATION

\$ million	Q1 2023	Q1 2022
Revenue per Consolidated Statement of Income	723	789
Intercompany revenue	109	104
Proforma impact of acquisitions and disposals	—	(58)
Foreign exchange on constant currency	(3)	(32)
Gross revenue	829	803

CAPITAL EXPENDITURE RECONCILIATION

\$ million	Q1 2023	Q1 2022
Capital expenditure in constant currency	44	24
Foreign exchange on constant currency	—	(1)
Capital expenditure per liquidity waterfall	44	23

CASH RECONCILIATION

\$ million	Q1 2023	2022
Cash per Consolidated Statement of Financial Position	572	481
Reclassification of Bank Overdrafts	(334)	(194)
Outside the Senior Lenders' perimeter	(53)	(53)
Cash per Senior Lender Net Debt	185	234

RECONCILIATION MARCH YTD 2022 CONSTANT CURRENCY IN Q1 2022 PRESENTATION TO 2023 CONSTANT CURRENCY IN Q1 2023 PRESENTATION

\$ million	Revenue	EBITDA
Constant Currency per March 2022 Presentation	911	144
Add: Qmee January - March 2022	7	1
Add: Blackwood Seven January - March 2022	1	—
Less: Numerator eCommerce January - March 2022	(4)	1
Less: Xtel January - March 2022	(9)	3
Less: Kantar Public January - March 2022	(51)	(4)
Less: Other acquisitions / divestitures	(2)	3
Change in Constant Currency Rates/Other	(50)	(7)
Constant Currency per March 2023 Presentation	803	141

SENIOR SECURED NET DEBT LEVERAGE RATIO

Senior Secured Net Debt on 31 March 2023 was \$3,301 million and LTM EBITDA for the Relevant Period was \$799 million. As at 31 March 2023, Senior Secured Net Debt was 4.13 times LTM EBITDA.

RECONCILIATION OF CONSOLIDATED SENIOR SECURED NET DEBT

\$ million	Cash, Less Bank Overdrafts	Borrowings (Excl. Bank Overdrafts)	Net Debt
Per the Consolidated Statement of Financial Position as at 31 March 2023	(238)	4,206	3,968
Unamortised Debt-issuance Costs Deducted from Borrowings	—	100	100
Cash and Debt Outside of the Senior Secured Lenders' Perimeter ⁽¹⁾	54	(717)	(663)
Retranslation at LTM FX rates	(10)	(94)	(104)
Consolidated Senior Secured Net Debt	(194)	3,495	3,301

Notes:

1. Excludes cash and debt in legal entities above the level of Summer (BC) Holdco A S.à. r.l. and Summer (BC) US Bidco B LLC in the legal structure of the Group.

OTHER **ANALYSIS**

PROFIT AND LOSS ACTUAL RATES

	Actual Rates		Change	
	Q1 2023	Q1 2022	\$	%
\$ million				
Revenue	832	899	(67)	(7%)
Direct Cost	246	286	39	14%
Gross Margin	586	614	(28)	(5%)
Gross Margin %	70.4%	68.2%		2.2ppt
Staff Costs	358	383	25	7%
Other G&A	87	88	1	1%
EBITDA	141	143	(2)	(2%)
EBITDA Margin	16.9%	15.9%		1.0ppt

Notes:

1. Revenue (including intercompany trading) and 2022 includes 100% perimeter from 1 Jan 2022.

KANTAR REVENUE BY DIVISION

\$ million		
Division	Q1 2023	Q1 2022
Insights	473	469
Profiles	79	77
Worldpanel	86	83
Numerator	52	44
Kantar Media	114	106
Vivvix ²	25	24
Total	829	803
Intercompany Revenue	(109)	(104)
External Revenue	720	699

Notes:

1. All values at constant currency Budgeted 2023 FX.
2. In 2023, our North American Advertising Intelligence (Ad Intel) business is reported as a separate division under the brand name Vivvix which combines the Kantar and Numerator Ad Intel businesses.

KANTAR REVENUE BY GEOGRAPHY

\$ million		
Geography	Q1 2023	Q1 2022
Continental Europe	190	192
UK	130	118
North America	221	224
Asia Pacific	183	174
Latin America	75	66
MEA	30	29
Total	829	803
Intercompany Revenue	(109)	(104)
External Revenue	720	699

Notes:

1. All values at constant currency Budgeted 2023 FX.

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