Numerator | Kantar Q3 2026 Lender Call | LSEG | November 11, 2026

Moderator:

Good day, ladies and gentlemen, and welcome to the Numerator Kantar Q3 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 raised hand function at the bottom of your Zoom screen. If you've dialed in, please select *9 to raise your hand and *6 to unmute. Instructions will also follow at the time of the 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:

Thank you very much, and good afternoon everybody, and welcome to the Q3 lender call for Numerator and Kantar. As I explained at our half one call, but I'll just for the benefit, just reiterate, we now operate two standalone entities under one financing structure. We have Numerator, which includes the well panel division, and Kantar, which comprises what we previously called Insights and Profiles. These are independent companies, separate management teams, client relationships, distinct products and processes, and their own technology infrastructure.

Again, I'm joined today by Regan Garrett, who's the CFO of Numerator, working with Eric Belcher as the CEO, who will present the Numerator results, and by Lindsay Smith, who's the CFO of Kantar, working with Paul Zwillenberg, CEO, who will present the Kantar results. And Peter Russell, group treasurer, and I will then bring together the consolidated picture, including cashflow and leverage.

And we're also joined today by Fabian Peters from Bain Capital, who will be available to answer any relevant Q&A which might follow after the formal presentation. Over now to Regan to give you the details on Numerator and the performance.

Regan Garrett:

Thanks, Michael. During our Q2 lender call in August, I provided a more detailed overview of Numerator and the distinct value creation agenda across our two businesses, Numerator and World Panel by Numerator. As we continue to execute against that agenda, I'm re-sharing those slides, but I will keep that context more concise today. The August transcript contains the fuller discussion for anyone who would like to revisit it.

For this update, I will focus on the material developments from Q3, including continued profitable growth in Numerator and improving trends for the Worldpanel business and on our current outlook for fiscal year 2026. Now we can move to the first slide.

As a reminder, Numerator is a global data and technology business built on proprietary permissioned consumer purchase and survey data collected directly from households. Those data assets are the foundation for our strong and sticky revenue base worldwide.

As a reminder, Numerator and Worldpanel by Numerator retain distinct client propositions and operating models. We are sharing back office infrastructure, talent, and technology where that improves performance, but we are not positioning this as a single integrated client platform at this time. Against that backdrop, I will share a few data points for each of the two businesses on the following slide.

Numerator continues to be a strong and profitable growth engine. Through September, revenue was 228 million, up 10% year over year, and recurring revenue was 198 million, also up 10%. As we look ahead, our contracted annual recurring revenue as of September 30th was up 8%, and our secured in-year revenue was up 9% from this point last year.

Those metrics provide a clear view of continued client demand and revenue visibility. We are forecasting 8 to 9% revenue growth overall in 2026 for Numerator. Worldpanel's reported year-to-date revenue was 279 million, down 5% year over year, and recurring revenue of 210 million also down 5% year over year.

As I've shared in previous discussions, when we integrated Worldpanel into the Numerator business, we also aligned our revenue recognition practices such as recognizing project-based revenue upon delivery, which will have a temporary downward impact on revenue. On a like-for-like basis, adjusting for those shifts in revenue recognition, the Worldpanel revenue decline for the year is closer to 2%.

Now, as we look ahead, our contracted annual recurring revenue at the end of the quarter was up 2% and our secured in-year revenue was down only 1% versus this point last year. Although those two metrics do not mean that the Worldpanel recovery is complete, they do show a business whose contracted base is performing better than reported revenue alone would suggest.

For Worldpanel, we are forecasting a mid, single digit revenue decline in 2026, consistent with our year-to-date performance. Now on a consolidated basis, we are forecasting flat to low single-digit revenue growth and flat EBITDA in 2026. I do want to note that flat EBITDA growth in 2026 does not reflect either normalized standalone costs in 2025 or the benefit of future run rate savings that have only been partially realized this year.

If we were to adjust for those items, we would be showing a growth in our EBITDA metric this year.

I will now give a few more business updates beginning with Numerator on the next slide. Now, during the August call, I described a few of Numerator's key growth opportunities which are shared here. Since then, we have achieved several important milestones. In September, Numerator announced that Nexa, our conversational AI agent, is available in the Numerator Insights platform. It gives users a natural language way to access consumer insights and detailed analysis grounded in Numerator's verified consumer data. The same announcement introduced Numerator Connect, our model context protocol or MCP integration and live beta. Connect is designed to bring numerator intelligence into client's own AI tools, workflows, and custom agents.

This is another route to expanding the usefulness and accessibility of our proprietary data while preserving the methodology and data controls that clients value. Additionally, survey remains an important growth lever for our business. Through September, our Verified Voices platform revenue was up 94% year-over-year and our total survey revenue was up 18%.

In October, we also announced the expansion of Verified Voices into South Korea using Numerator's technology to extend our differentiated survey offering internationally. Moving to the next slide, Worldpanel also continues to execute against the strategy I shared in August. We are building a focused commercial organization with clear leadership, dedicated commercial roles, standardized sales processes and incentives, and a more disciplined renewal process. Additionally, Numerator back office integration is largely complete and we're sharing support capabilities where they can improve service execution and cost.

One important milestone since the prior call is the UK enhanced panel, which successfully launched last month. Worldpanel expanded the UK shopper panel from approximately 30,000 to 55,000 households and expects it to capture three times more shopping visits. This improves representation of smaller trips, alternative channels, and changing shopping behaviors that matter to clients in the UK market. Additionally, we announced that UK clients will benefit from Worldpanel answers, an AI-powered

assistant within the MyWorldpanel platform that combines AI with the depth of Worldpanel consumer data to help teams find meaningful insights, make confident decisions, and identify opportunities for growth.

This type of investment will not impact revenue immediately. However, it does address the data quality and product positioning work needed to support renewals and future growth in one of Worldpanel's most important markets. It's also a concrete example of the panel modernization program we discussed previously. In parallel, we continue to address the cost base. Workforce reductions in the migration of appropriate work to our India Center of Excellence are lowering our operating cost and improving scalability. Since we started this initiative in second half of 2025, we have migrated 400 roles from high cost locations to India and removed another 500 roles resulting in over $44 million in net annualized savings. Now I will close with the total Numerator P&L. As you can see, Q3 delivered a stronger financial result for the total Numerator business. Quarterly revenue was 175 million, up 4.2% year over year. Recurring revenue grew 2.5%, and non-recurring revenue grew 11.4%. Adjusted EBITDA was 69 million, up 11.7% with a 39.6% adjusted EBITDA margin, up 2.6 percentage points year-over-year. That quarterly result shows good momentum.

The first half remained heavily affected by Worldpanel's transition and the recognition timing issues we've discussed. By Q3, both revenue and adjusted EBITDA were growing and margin expanded meaningfully year over year. For the year-to-date period, total revenue was 507 million, up 1.2% and adjusted EBITDA was 188 million, down 3% with a 37.1% margin.

As I shared earlier, the year-over-year EBITDA trends do not account for a full year of standalone costs in 2025 or the benefit of a full year of realized savings tied to our large cost savings program in Worldpanel.

To summarize, Numerator continues to grow profitably. Worldpanel is advancing its commercial and operating transformation, and the consolidated Q3 result demonstrates improved revenue and margin momentum. We will continue to focus on commercial execution, retention, cash conversion, and discipline cost management as we close the year. Thanks. We'll pass to Lindsay now.

Lindsay Smith:

Great. Thank you, Regan. Thank you all for joining us. Now, before we get into the details, I'll start with the key drivers of our performance over the first nine months of 2026. The operating environment remains challenging with continued pressure on marketing budgets and slower client decision-making.

Against this backdrop, demand remains resilient in our core areas of strength, supported by a solid order book and improving momentum across key markets. We saw sequential improvement through Q3 with a revenue decline in August and September materially lower than in July. We continue to execute our intelligence for brand growth strategy with AI agents now deploying live client delivery.

At the same time, we are using AI to reshape our delivery model and reduce our cost base. Now let's move to the first slide. This overview provides a few facts about Kantar. I won't go through each area, but as a reminder, Kantar is a marketing intelligence company grounded in consumer research.

We turn consumer understanding into business outcomes for proprietary metrics, algorithms, and insights that measure, predict, and drive brand growth. Moving to the next slide, you can see that Kantar's proposition is intelligence for brand growth, delivering signal, decision, and strategic intelligence clients need to make better, faster decisions. As AI reshapes how consumers discover and choose brands, consumer understanding becomes more important, not less.

Our solutions provide this consumer understanding and are powered by one living intelligence engine of real people and AI-generated consumers, amplified with data science and validated with our market-leading IP.

We are bringing this to life through products including BrandDigital AI signals, LINK AI, Kantar Converser, and Kantar Live. And just to explain a little more about Kantar Live, this is our AI-enabled real-time research platform that combines qualitative depth with quantitative scale. Think of it as a large digitally enabled focus group where clients can watch consumer reaction, quantify it, and probe it live.

On the topic of AI-generated consumers, consumer twins are a key differentiator for Kantar as they're grounded in real respondent data, validation and human research to augment rather than replace real consumers. Client adoption of our intelligence engine is already demonstrating tangible value.

Brands leverage Kantar's intelligence as the evidence base they require to assess and optimize creative content and inform their approach to AI search visibility. In 2027, we will look to further scale our living intelligence with Kantar Studio and Kaya, as well as to continue to deliver intelligence directly into client tools with existing AI assistance. I'll now go into the financials by geography and EBITDA performance year-to-date.

Q3 revenue was 461 million, down 1.8% on last year. Year-to-date revenue was down 1.7%. Performance improved through the quarter, with August and September materially stronger than July. North America revenue was up 0.9% in Q3 and is up 4.8% year-to-date. It remains our largest and highest margin market with stronger creative, growing media and a pipeline up 14% on last year.

EMEA declined 4.7% in Q3, a clear improvement on the 7.7% decline in half one. The decline in EMEA continues to be driven by delayed decisions after restructuring at several major UK clients, organizational changes in Germany and France, and the ongoing conflict in the Middle East. The monthly rate improved from July to September helped by a better UK performance. APAC was down 3% in line with 3% in half one, and India was among us leading growth markets every single month. The weakness is concentrated in Japan, Australia, New Zealand, and the Philippines.

Commercial momentum

... momentum in APAC is strong with September orders and pipeline up. LATAM is up 7.6% and reported growth in every month of Q3. Greater China grew 3.1%, remaining one of our top five growth markets year to date. And now global secured revenue for Q4 is over 80% and is in line with last year. Now onto adjusted EBITDA in Q3, this was down 6.6% versus last year with a margin of 18.5% and year- to-date adjusted EBITDA is 223 million, up 3.5% with a margin of 16.2%. The Q3 decline reflects gross margin pressure largely driven by lower revenue solution mix and targeted investment in panel capacity. Profitability improved month by month and by September, EBITDA was in line with last year. Cost discipline continues. Year-to-date staff costs are down 2.4% after absorbing severance costs within EBITDA this year. Excluding severance, underlying staff costs are down 3.6%. Other operating costs are down 5%, helped by delivery center efficiencies and cost control.

EBITDA less CapEx year to date is up 9.1% on last year as lower CapEx adds to our EBITDA growth and supports cash generation. Year-to-date revenue related working capital improved by 21 million versus last year as we drive improvements in cash generation. And the EBITDA to operating cash conversion ratio has improved by three percentage points versus last year.

Now onto the next slide shows the same revenue performance by solution line. Overall, growth continues to be in our strongest, highest, high value technology enabled solutions while declines remain concentrated in more macrosensitive areas. Brand and customer experience, our largest solution was flat in Q3 and year to date. Brand guidance remains resilient while customer experience has seen real improvement in Q3 as we lapped last year's renewals. Brand strategy and advisory grew 1.7% in Q3 and

4.6% year to date driven by continued strength and brand strategy. Creative and media was flat in Q3 and grew 3.5% year to date. Media remains a standout performer up 9.7% with strong momentum and lift. Creative orders also improved in September supported by Link AI. In the areas of decline, innovation improved materially with Q3 decline moderating to 6.1% from 15.8% in half one. Other includes Profiles which remains constrained by panel capacity, although capacity is improving.

Finally, we continue to see strong momentum across our AI enabled portfolio. Kantar Live grew around 74% year-on-year in Q3 and Evaluate Explorer continues to drive growth in innovation analytics. Consumer twins built on our verified panel data move from pilots to commercial sales. This full launch continues including NCP connectivity, new skills modules and third party data. We have further AI enabled launches planned for Q4, reinforcing our focus on shifting the portfolio towards faster growing differentiated solutions. Now our final world word on the outlook for the remainder of this year. At half one we said we expected half two revenue to be broadly flat resulting in a modest decline for the full year. Q3 came in at minus 1.8% but with a clear improving trend into September. Our full year '26 guidance is for a low single digit revenue decline and EBITDA also low single digit decline with margin expansion as cost actions help mitigate the impact of lower revenue.

In Q4, our focus is on commercial excellence through pipeline conversion, win rates and cross-selling, cost discipline and cash conversion. As we develop our plans for 2027, we remain focused on how AI can enhance the value and innovation we bring to clients whilst also transforming our delivery model and cost structure. I'll now hand over to Michael to share consolidated financials for the group.

Michael Uzielli:

Thank you, Lindsay. This slide, profit and loss slide, simple slide that just brings together the numerator in Kantar results as explained by Reagan and Lindsay in just the one consolidated picture so that a total consolidated level revenue was broadly flat in Q3 at 636 million, brings us to a 0.9% decline for year to date at 1.885 billion. The continued strong performance on costs that we're seeing across both businesses with more to come means that we are showing a small only but a small increase in EBITDA for Q3 and the year to date was 411 million. That fully offsets the slight decline we've seen in revenue. Total EBITDA margin 24.2% for Q3, 21.8% year to date, 0.2 and 0.3 percentage points higher than last year respectively. A little bit of margin expansion. Now I'm going to hand over to Peter to talk through the balance sheet and the cash flow.

Peter:

Thank you, Michael. I'll now turn to our leverage position on slide 19. Our last 12 months covenant adjusted EBITDA was $661 million and includes a run rate adjustment of $18 million relating to the numerator integration savings. The adjustment is reducing each quarter as we recognize the actual savings in EBITDA. September '26, senior secured net leverage was 6.4 times, and this was broadly in line again with our expectations and consistent with the position over the last two quarters. I'll now move on to our cash flow, which is summarized on slides 20 and 21. Starting on slide 20, the EBITDA contribution of $410 million year to date was around $100 million lower year-on-year, but this mostly reflected the sale of Kantar Media in July last year.

Next, a significant offset against this is the improvement in working capital, which in Q3 continues the great progress we made in the first half of the year. The $56 million outflow is a year-on-year improvement of $62 million. This reflects the ongoing group-wide effort to strengthen working capital, including extensive initiatives focused on collections, overdue debt reduction, faster invoicing, accrued revenue management, tighter commercial disciplines and enhanced cash governance.

Moving down year-to-date lease costs of 49 million was slightly lower year-on-year reflecting our continuing consolidation of our property portfolio whilst CapEx spend of 96 million was $43 million lower, again reflecting the impact of the Kantar Media disposal as well as lower spend enumerator and Kantar. Overall, our operating cash flow of $209 million was slightly improved compared to last year despite the disposal of Kantar Media. Interest year-to-date of $246 million is $22 million lower year-on-year, benefiting from the repayment of the junior bonds in July last year, partly offset by higher interest rates. And the tax charge of 76 million was 21 million lower year-to-date, again, partly due to the sale of Kantar Media and partly due to the benefit of refunds received in the first half of 2026.

And other costs of seven million year to date were $18 million lower, mainly reflecting positive foreign exchange movements year-on-year. Overall cash flow before restructuring and M&A, although an outflow of $120 million was $26 million better year-on-year in quarter three and $66 million better year-to-date, reflecting our commitment to improving our cash flow as we've seen in previous calls. Now moving on to slide 21, this shows our restructuring and M&A costs and M&A proceeds. The restructuring costs in '26 are predominantly severance and costs relating to the numerator separation and integration. Our M&A fees are significantly reduced at $9 million year to date, lower by $49 million than the same period last year. Our underlying cash flow after restructuring and M&A fees is negative $200 million, but this is an improvement of around $100 million year-on-year. Now moving on to slide 22, which sets out our liquidity.

Despite the negative cash flow, we continue to maintain significant liquidity at over $430 million and remain focused on further working capital improvements. The continued rollout of receivables factoring, which we are now in fact implementing in China and the reallocation of certain unused regional facilities to the group center, which is progressing well. I will now hand back to Michael who will summarize the guidance outlook.

Michael Uzielli:

Thank you, Peter. As you say, I'll just conclude today's presentation with a reiteration of our guidance for the full year 2026. As you've heard for Numerator, we'll be now guiding to flat to low single digit revenue growth for the year. And then this time we're actually splitting our EBITDA guidance between the two companies, whereas at the half year we showed you a consolidated picture. For Numerator, we're now guiding to around a flat year-on-year EBITDA number. And then for Kantar, as you heard from Lindsay, we're now looking at a low single digit decline, and this goes across both revenue and EBITDA. I mean in summary, the slightly lower revenue outlook that we're guiding towards for the year based on current run rates, the environment we're in is not fully offset by the ongoing cost actions. There is inevitably a little bit of an impact on the EBITDA number.

The cash flow guidance outside of EBITDA is unchanged from H1, CapEx down around 135 million, which is significantly down year-on-year, leases around 60 million and restructuring costs around 90 million. As a reminder, these comprise severance around 65 million, which is from previously announced programs and final separation cost relating to Numerator is around 25 million, which obviously are coming to an end in both cases this year. Just to preempt a potential question, we're not yet ready to give guidance for 2027. We're going through an important part of the year in quarter four with the year-end contract renewal process across both businesses that this guidance will follow in the new year at our next set of results when the outlook will be clearer. And finally, before we hand over or open up to Q&A, as you may have seen in a separate announcement this morning, this will be I think my 18th and my last results call as the Kantar Group CFO as I'll be stepping down at the end of this year.

And as set out in the announcement, this simply reflects the execution of our strategy for the Kantar Group over the past few years, which has been to simplify, focus our business [inaudible 00:25:50] great

number of disposals and combinations, a couple of acquisitions and culminating in the sale of Kantar Media last year and the establishment of Numerator and Kantar as these two companies operating independently. From the 1st of January, Lindsay, in addition to her role as Kantar CFO, will assume the responsibilities of the group CFO whilst Reagan will continue in her role as the CFO of Numerator.

Now to help you to get to know Lindsay and Reagan a bit better and to ask any sort of further follow-up questions you might have after this call, we did set some time aside in the afternoons of Monday the 16th and Wednesday the 25th when they'll be available for some smaller sessions. We've posted this on the investor site so you can sign up. I have to say those are now full. What we'll do is we'll find some more times and we'll put them on the site soon so we can satisfy anyone who's not managed to get into one of those sessions. But anyway, that concludes the presentation or the formal part of the proceedings. Now I think we can open it up to Q&A.

Moderator:

We will now start the Q& A. As 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. Please limit yourself to one initial question and a single follow-up. We'll pause just a moment to allow for questions to form the queue. We'll take our first question from Janisee Pazan with Chepstow Lane Capital. Please unmute your line and ask your question.

Janisee Pazan:

Hi, can you hear me okay?

Michael Uzielli:

Yes, I can hear you fine.

Janisee Pazan:

Great. Thanks for hosting the call. My first question was, I just wanted to understand how you guys are thinking about the progress on your potential monetization of the numerator asset. I think the first step towards that was getting the businesses running independently, which you obviously present them as now. We've obviously got the separate

... Separate leadership teams in place. Should we be looking for or expecting the announcement of a formal sale process or something like that? Or this is something that's perpetually going on in the background? I just want to understand how we should think about that. Thank you.

Michael Uzielli:

Sure. No, thanks for the question. I think I'm going to take advantage of the fact that we have Fabian from Bain Capital on the line, so I think he probably the best place to talk to that. Fabian, I see you come off mute. Ready to do so.

Fabian:

Yeah. Can you hear me well?

Michael Uzielli:

Yeah, we can hear you perfectly.

Fabian:

Super. Yes. Long story short, we've made significant progress on the business in terms of preparing it for future exit by way of ultimately first separating and then also integrating the Wordpanel business with Numerator. And we've now also started formalizing preparations for an exit process that will commence next year. And what I mean by that is we've made progress in terms of advisor appointment.

Janisee Pazan:

That's helpful. Thank you. Maybe just to take advantage of having Bain on the call, I wanted to get a little bit more understanding around the ownership of XTEL and the ultimate path to value creation there for the sponsors and how you guys thought about that use of proceeds. I mean, from my understanding, it's an asset that was part of Kantar, was then subsequently contributed into a joint venture. I'm not sure if there was any consideration paid at the time. And then by virtue of being contributed into a joint venture, fell out of the restricted group and then was subsequently sold with a large proceeds received, a lot of which went to repay, to pay some dividends as well as some junior debt. I just want to make sure I'm understanding the process of how we got here correctly. And then secondly, to understand how the sponsors and management think about cash given that it was a pretty material asset sale in a quarter where the company had to reduce its guidance for the year again and drew another hundred million on its revolver. Thank you.

Fabian:

Sure. I'll start and then Michael should chime in. Ultimately, I mean basically the journey of that business I think is relatively well documented also in the disclosure of the Kanta statements. It's basically been an individual direct investment from Bain Capital and WPP for now a number of years. The only reason why it shows up in the Kantar consolidated accounts is because it's holdings level. It gets consolidated into as a net equity investment, but it sits outside of the lender group. And it used to be part of Kantar when it was basically a loss making business, much smaller at the time. And over the last years it has actually grown quite nicely and that ultimately then resulted in a sale earlier this year. But Michael, please feel free to add.

Michael Uzielli:

Yeah, I mean I don't have a huge amount to add. As you say, I think as understood, it's a standalone business outside the banking group. Essentially a separate investment for Bain and WPP and I guess SilverTree. We equity accounted for it as a joint venture in our Kantar global holdings accounts, but again, that's well above the lender group. I guess the key point is that nothing that we've reported in our financial metrics, including EBITDA net debt, none of that's included XTEL because it's outside the banker group. The sale of XTEL or distribution proceeds, it doesn't have any impact on our lender reported EBITDA or cash or our debt metrics. It's just in our accounts for almost a, "This is technical reason," because it's further up the group, but it's been excluded from our numbers for a number of years.

Janisee Pazan:

Thanks. Just to wrap up on that and then I'll pass the mic. I think in the quarter you took a charge through adjusted EBITDA related to acquisition and disposal related costs, which I think year to date had been running relatively low, but I think jumped up in Q3, so about 20 million in Q3. Is it correct that that had nothing to do with XTEL?

Michael Uzielli:

Yeah, no. Look, we'll get back to you on the detail, but the 19 million that is round, which is what's related to... The XTEL was... It didn't go through the banking group. It was essentially satisfied through the consideration from the sale of XTEL. It ends up in our numbers and then it gets adjusted back out, if that makes sense. It hasn't depleted the resources of the banking group.

Janisee Pazan:

Thanks a lot. Maybe one for one of the follow-up breakup sessions. Appreciate it. And thanks a-

Michael Uzielli:

I'll have to take-

Janisee Pazan:

... lot Michael-

Michael Uzielli:

... you through it, but that is the situation. Thanks. Thank you.

Moderator:

Our next question comes from Oliver Newman with Fidelity Investments. Please go ahead and unmute your...

Oliver Newman:

Hi, thank you. Just to follow up maybe to the first question about the Numerator monetization, if you wouldn't mind, Fabian, can you confirm the net proceeds of that sale will be used for debt repayment and if you've got a target leverage for the remaining Kantar insight business, if you could let us know what you're thinking about that?

Fabian:

Yeah. Yeah, certainly proceeds from that sale will be used for a debt repayment. In terms of target leverage, I think this question was raised now a few times on these calls and so far we've not provided a clear number and therefore I refrain from doing so now. Having said that, clearly we will do what's right for the business and we would target an appropriate leverage level that makes sure that the capital structure and the cash flow of the remaining business is appropriate.

Oliver Newman:

Okay, understood. Thank you. Probably one for Lindsay now, just looking at the Insights EBITDA decline, if you wouldn't mind just going over again why EBITDA did decline in Q3, because I think previously we'd had the cost savings were outstripping the revenue declines, which was a positive, but it looks as though something's changed in Q3, if you wouldn't mind just going into that a bit.

Lindsay:

Yeah, sure. I think as you will have seen, so the revenue was down in Q3, similar trends to what we've seen already in 2026. I think probably we have to remember that in Q4 last year we did some quite

significant restructuring programs. That's why you see the sort of back end of the cash impact this year for Kantar. I think we are lapping harder comparatives this year versus last year. I think the revenue obviously has an impact. The gross margin compression that I referred to earlier is definitely real. That's partly driven by lower revenue. It's also driven by really being more competitive in the market, but we are seeing some sort of investment costs to really rebuild our panel, so that is having an impact. We are seeing staff cost and OpEx savings versus last year, which is they are material.

The choice that we've made that Michael has mentioned a couple of times is to include severance costs within our EBITDA this year. And so this year we do actually have severance cost within EBITDA. If you strip that out, actually our EBITDA performance is better. I think there's a few things in there. Hopefully that helps.

Oliver Newman:

Yeah. Is it fair to say when we get to next year that severance cost will anniversary out or is there going to be continued severance going forward?

Lindsay:

Well, I mean, we are continually looking at how we operate within the business. I think some of the opportunities we're seeing with AI, they cover client propositions, but also how we structure our business. And so therefore, we are continually looking at how we can become more efficient and that's through a combination of measures. I think we have guaranteed that we won't put severance below the line, so we'll be included in EBITDA. There will be full visibility of what we're doing.

Oliver Newman:

Okay. And just the final one, and then I'll get back in the queue as regarding the cash adjustments to EBITDA. I have been expecting they'd start to come down, but as the last caller just mentioned, it looks like they increased again in Q3. I guess part of that is due to this XTEL divestment, which again, I'm not entirely sure about how that's fed through to the adjustments if it's outside of the group, but maybe again, we can pick up on that afterwards. But it looks as though other items have increased this quarter as well. Just wondering what's been driving that increase.

Michael Uzielli:

Yeah, so I'll take that one. I mean, these are, as always, that other line, it's pretty much always relating to the equity incentive plans. We have a number of equity incentive plans across the group and the division and the companies that are very much linked to exit. They only get paid and they only turn into cash after an exit, but you have to account for them. The increase is around that. It's all non-cash charges. We're running at 30 million year to date on that other line of which 27 is making for these equity costs, which in themselves are just a calculation based on an assumed consideration in a few years' time discounted back. They're not a cash item and there would only be a cash item if there was a successful exit and all the rest of it.

On the M&A line, what I'd say is the reason it's showing us 30 is because I suppose we're showing consolidated group numbers, the consolidated EBITDA has... The pre-adjusted would have the costs in because this is the topco, and then we adjust out things that aren't relevant for a number of reasons, including not being in the banking group. In that, the reason we add back 30 is because that was deducted from the number further up. And it doesn't come out, it does get... From a cash point of view, it's not ultimately in our cash flow. We could probably take you through it offline, but it's not being paid for. I'll say this again, it's not being paid for out of the restricted group's cash flows.

Oliver Newman:

Yeah, okay. But I guess it's still just an adjustment to EBITDA, isn't it? Just squaring it off, whichever way you look at it.

Michael Uzielli:

Yeah, sure, sure. Absolutely.

Oliver Newman:

Yeah. And then I know you're not giving guidance for next year, but what should we think of in terms of all these adjustments just for Q4?

Michael Uzielli:

Well, I'm not anticipating... As Lindsay said, we're not anticipating large future costs, so we call below the line. If you take restructuring and transformation, we're not looking at large below the line severance programs where we're taking severance through the business, we're then seeking to offset that with EBITDA growth. That's what we're doing. I think I've said that for people quite a few times. I wouldn't expect the number to go up hugely between now and the year-end. Not any acquisition and disposal related costs. Well, until we get into any kind of process preparation, I suppose, for potential Numerator sale, which we're not there yet in terms of incurring money, but at some point there'll be some non-contingent M&A costs relating to that. I don't know if it'll fall into this quarter. The other items shouldn't change much, but it certainly won't be cash impact to the other items. It's very much the evaluation of these net schemes and things like that.

Moderator:

Thank you. As a reminder, if you'd like to ask a question, please click on the raise hand function, which can be found at the bottom of your Zoom screen. Please kindly limit yourself to one initial question and one follow-up question. We'll take our next question from Slava Styrkas with UBS. Please unmute your line and ask your question.

Slava Styrkas:

Hi there. Can you hear me okay?

Michael Uzielli:

Yep, can hear you well.

Slava Styrkas:

Thank you very much for the call. Yeah, some of my questions have already been asked. I just wanted to get some additional context in terms of the guidance. Obviously it was lowered again after last quarter. What are you seeing in terms of customer behavior or performance in your end markets

...markets that has prompted you to lower that guidance and how should we be thinking about that? I know you're not giving guidance for '27 but obviously as we are towards the end of the year, curious how that lines up.

Michael Uzielli:

Okay. Well, I'll go as well for Reagan and Lindsay in terms of each business.

Reagan, do you want to start with Numerator?

Regan Garrett:

Sure. Again, I wouldn't say that we've seen material shifts in customer behavior heading into the second half of the year versus the first half. I would say we've taken a more conservative view of Q4 specifically for the world panel business. Honestly, again, related to some of the revenue recognition changes we've talked about in the past, Q4 is typically a very strong bookings quarter and we expect it to be a strong bookings quarter for that business. I think what we've adjusted is just the expected timing of when that will actually convert into revenue. Again, historically, I would say more of the Q4 bookings became revenue in the quarter and I think we are now assuming more of those bookings will shift into revenue in Q1. Again, still feeling a little bit of the pain of the revenue recognition changes. And as we've learned more, we've adjusted the expectations for the quarter.

Lindsay:

And then on Kantar, I think our guidance really reflects [inaudible 00:43:24] performance, continuation of what we have seen in the market. Our secured revenue is over 80% for Q4 so I think that is in line with last year. I think that does give us reassurance that Q4 will be relatively similar.

I think from a client perspective, obviously we are in a dynamic world seeing lots of interesting conversations with clients about AI, and that's why you see some of the products that we are offering out in the market and we are really seeing great conversations with clients about different types of products and ways of working. I think there is definitely an impact of AI, which we're seeing in a really positive way. And actually everybody is responding very well to products like Consumer Twins, Kantar Live. Actually, it feels like a great opportunity for a change.

Slava Styrkas:

Okay, that's helpful. Thank you very much. I'll step back.

Moderator:

Our next question comes from Rebecca Baker with Triton. Please unmute your line and ask your question.

Rebecca, please feel free to unmute your line and ask your question.

Rebecca Baker:

Hi, can you hear me now?

Michael Uzielli:

Yes, I can hear you, Becca. Hi there.

Rebecca Baker:

Great. Great. Thank you for taking my question. I just wanted to ask a question around liquidity and where you see that shaping up over the next 12 to 18 months. We can see that you've obviously drawn down on some facilities in the quarter so it would just be helpful to get a bit of guidance around how you think about liquidity position of the business going forwards.

Michael Uzielli:

Yeah. We obviously have decent liquidity at the moment, 432 million. As you can imagine, I always want as much liquidity as possible. I think that's just a good thing for a business. We have had some periods of free cash outflow and obviously this year and last year, 2024, we had a bit of an inflow. We're obviously mindful of our liquidity and mindful of managing our free cash flow to a more positive position, going through the pieces we've talked about [inaudible 00:45:38] reducing on the restructuring side with severance, looking at CapEx, continuing the good progress we're making on working capital.

Some of the transitions we've made [inaudible 00:45:47] candid across the last couple of years, changing the operating structure of the business across both businesses have had an impact on short-term, medium term billing and collections. And we're getting back on top of that and seeing strong performance in the second half so we would expect to see better working capital performance in the future, potentially below CapEx, below restructuring, and some EBITDA growth and hopefully get ourselves to a more... Closer to a breakeven, maybe slightly positive operating cash flow. But obviously, we are watching it all the time and we manage our funds across the world in a very active way. And it's clearly on our minds and we're always looking for opportunities to bolster our liquidity and manage it efficiently, that's really what I would say about that.

Rebecca Baker:

Okay, that's helpful. Thank you. Maybe one follow-up if I may. Are you able to confirm that you see Q4 as being free cash flow positive then as we come towards the year-end?

Michael Uzielli:

Well, I don't want to predict and the reason is, although it seems strange because it's the 11th of November, it's a very, very big month, December, for our business, November/December. And partly because of the factoring program, which has a sort of accelerant impact on invoicing and stuff and it's one of our biggest revenue quarters anyway. Whether it's free cash flow positive, free cash flow negative, it's one way or the other.

If you look back historically, it's been around brand neutral, sometimes a bit positive, sometimes a little bit negative, but it's always the best quarter of the year. At least it has been since I've been here so we'll have to see. I'll tell you in January. But we work very, very hard to maximize the cash flows in the last quarter when we're contracting with clients, getting the invoices out, getting the money into the factoring program.

Moderator:

Thank you. Our next question comes from Aman Mahal with PGIM. Please unmute your line and ask your question.

Aman Mahal:

Oh. Hi there. First of all, could you just confirm what the FY25 full year EBITDA was for Numerator and for Kantar on this, just so I've got that clear?

Michael Uzielli:

Yeah, just give me a second. You got another question while I dig that out?

Aman Mahal:

Yeah, I guess-

Michael Uzielli:

[inaudible 00:48:08] I've got it already.

Aman Mahal:

Oh, go.

Michael Uzielli:

No, sorry. I've got it. The relevant number for the numbers we're looking at would be 2025. Yeah, 334 for Kantar, 278 for Numerator, the total is 612. But that will be a constant currency, 2026 constant currency.

Aman Mahal:

Yeah, that's helpful. Thank you. And then on the Numerator 278, I guess that's the target for this year then, you referenced that there are run rate of savings, cost savings coming through and then standalone costs against that. Could you just quantify those so we have a sense of what the underlying run rate would be moving forward?

Michael Uzielli:

Yeah, that one is for Reagan. I think just to clarify what she meant by standalone costs, because I don't think it's what you meant.

Do you want to explain that one?

Regan Garrett:

Sure. For the standalone costs, in order to compare 2026 versus 2025, ideally we would be presenting '25 with a similar level of standalone costs. Throughout the year of 2025, we built up a standalone accounting team, a talent, we put in our own systems, for example, and those costs really built up throughout the year in 2025. I believe the full year adjustment is around $9 million, that is again not being reflected in that 278... The 278 million in 2025 does not include that $9 million of expense that would've normalized 2025 versus 2026. And that's where I'm saying if we were to include those standalone costs in 2025, we would be reporting and forecasting EBITDA growth this year versus last year.

As for the run rate savings that are not being captured in the numbers, those are clearly outlined on... I think it's slide 37. 37 in this slide, I think. And that's where you can see the run rate adjustment I believe is entirely tied to our cost savings initiative.

Michael Uzielli:

It's $18 million.

Regan Garrett:

And that is the portion that is not currently being reflected in our numbers. Yes.

Michael Uzielli:

Before future cost savings and anything else, there's $18 million to come through on the EBITDA and there's no impact to standalone costs on '26 because they already include all the standalone costs.

Moderator:

Our next question comes from Marc Hassan with Amova AM. Please unmute your line and ask your question.

Marc Hassan:

Hi, thanks for taking my question. Actually, it's more a follow-up on the liquidity question that Rebecca asked earlier. Just in terms of the headroom under the 40% RCF trigger, how we should think about the headroom heading into year-end in terms of what's your assumption? You already commented briefly on working capital for the fourth quarter, but then what about factoring? Could you just give some sort of guidance in terms of what sort of headroom should we expect heading to Q4 of this year? And then my follow-up would be for Bain. If the covenant headroom comes tight, would Bain be willing to step in and provide some sort of support?

Those are my questions. Thank you.

Michael Uzielli:

Sure. Thanks, Marc.

Look, first question. The headroom is reasonably as good headroom at the moment, as you can see. I'm not anticipating on the basis of a relatively quiet cashflow quarter. Like I said, around neutral, maybe a bit positive, maybe a bit negative, it's not going to have a major impact on the debt. And the EBITDA, based on our forecast, would change moderately but it's not going to have a material impact on the leverage or the headroom, I wouldn't say.

And the second question was one for Fabian, I think.

Fabian, did you get that... Did you catch that question?

Fabian:

Sorry [inaudible 00:52:15] Could you repeat the question please?

Marc Hassan:

If the headroom becomes tight, if the covenant headroom or the RCF headroom becomes tight, would Bain be willing to step in and provide support?

Fabian:

Look, for us, this is clearly a very important investment in our fund. It's a very large investment and we've been supportive of the company throughout the ownership since we acquired in 2019, and therefore we are remaining of [inaudible 00:52:48] and will be supportive. We've not made any plans for that scenario just because from our perspective it is fairly unlikely. But nevertheless, we are, as I said, a supportive shareholder of the business.

Moderator:

Thank you. Our last question comes from Alexander Corbishley with Blackstone. Please unmute your line and ask your question.

Alexander Corbishley:

Hi, all. Just one quick one for me. I think this is a follow-up from earlier for Fabian. Just again on the Numerator disposal process, can you just provide again a little bit more color when you guys say that you're starting that process? Have advisors been appointed? Is that just starting initially? Wondering exactly where that is and again, just timing on when we could expect, something to finalize there.

Fabian:

Yeah. Look, I will refrain from giving an exact timeline here just because I think that wouldn't be wise on my end. But we are in advanced stages of planning through the preparation phase of the sale process and therefore would expect it to commence or take place Q2, Q3 next year.

Alexander Corbishley:

Okay, thank you.

Moderator:

That's all the time we have for questions today. Further questions can be forwarded to the investor relations mailbox, which can be found on page 25 of the presentation.

I will now hand over to Michael Uzielli for closing remarks.

Michael Uzielli:

Great. Thank you very much for that. And thank you everybody for dialing in. As I said earlier, we have the sessions lined up for those of you who wish to speak more to Greg and Lindsay and to Peter. We'll put some more in to satisfy any unsatisfied demand. Otherwise, thanks again. And have a good day.

Moderator:

This concludes today's call. Thank you for joining. You may now disconnect.