

KANTAR

H1 2024

Presentation

2 August 2024

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# H1 2024

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## Basis of preparation and other information

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 30 June 2024 and 2023, we use the budgeted constant currency rate for the year ended 31 December 2024, which is prepared on a forward-looking basis. We additionally show financial information for the period ended 30 June 2024 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 30 June 2024.

- 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 2023 we have excluded the results for six months of Profiles Health and Media Health and Vivvix.
- We present revenue on a gross basis, including intercompany revenue between divisions.
- We or our affiliates may from time to time seek to retire, repurchase or sell our outstanding debt through cash purchases, in open market purchases, privately negotiated transactions or otherwise. Such repurchases or sales will depend on market conditions, our liquidity requirements, contractual restrictions and other factors, and the amounts involved may be material. We continue to monitor the maturities on our debt and may consider opportunistic refinancing of some of our debt in the future.

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## AGENDA

- 1 — H1 2024 Highlights
  - 2 — H1 2024 Performance
  - 3 — Balance Sheet
  - 4 — FY 2024 Outlook
  - 5 — Q&A
  - 6 — Appendix
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H1 2024

**HIGHLIGHTS**

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# H1 2024 HIGHLIGHTS

## **Kantar delivered resilient growth in H1 2024: gross revenue +3% to \$1,661 million**

- Improving business mix – higher growth from syndicated revenues such as Numerator (18%) and Worldpanel (6%)
- Global Clients up 2%, driven by CPG and Food & Beverage. Tech sector revenues declined by 5%
- Revenues through tech-enabled platform, Kantar Marketplace, up 26%. Analytics revenues up 3%

## **Kantar's expertise, amplified by technology, positions us as the indispensable partner to leading consumer brands**

- Blueprint for Brand Growth launched in May – unique framework combining attitudinal & behavioural data at scale
- Established Kantar AI Lab to embed AI across the portfolio; Kantar AI Assistant now available for brand tracking
- Increased Numerator's static consumer panel in Canada by 50% and added new platform capabilities
- Expanding Worldpanel coverage with launch of Kauza app in France and new panel planned for Uruguay
- Launched Brand Inclusion Index in 18 countries, focused on people's perception of a brand's diversity, equity and inclusion

## **Cost and margin initiatives delivered a simpler and stronger business in H1 2024. EBITDA up 9% at \$328 million**

- Tight focus on pricing discipline across all divisions, product level profitability and business mix
- Strong cost and headcount efficiencies have delivered key operational savings. FTE is 4% lower than June 2023

## **Strong liquidity of \$586 million at the end of June (\$536 million at 31 December 2023)**

- Working capital inflow of \$8 million in H1, representing a \$167 million improvement versus prior year
- Restructuring and transformation costs continue to trend down (\$13 million in H1 versus \$41 million in prior year)
- Liquidity strengthened by TLB refinancing and upsize in January

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H1 2024

**PERFORMANCE**

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# SOLID PERFORMANCE ACROSS ALL METRICS

## H1 2024 FINANCIAL HIGHLIGHTS

### Revenue

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**\$1,661m**

H1 2023:  
\$1,620m

change:

**+3%**

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### Gross Margin

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**\$1,191m**

H1 2023:  
\$1,150m

change:

**+4%**

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### Gross Margin %

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**71.7%**

H1 2023:  
71.0%

change:

**+0.7ppt**

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### EBITDA

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**\$328m**

H1 2023:  
\$302m

change:

**+9%**

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### EBITDA Margin %

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**19.8%**

H1 2023:  
18.6%

change:

**+1.2ppt**

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### Capital Expenditure

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**\$74m**

H1 2023:  
\$93m

change:

**-\$19m**

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#### Notes:

1. Revenue (including intercompany trading), Gross Margin, EBITDA, at constant currency Budgeted 2024 FX. Capital Expenditure at actual June 2024 FX. Comparatives exclude divested businesses and include acquisitions.

# GOOD TOP AND BOTTOM LINE PERFORMANCE

## H1 2024 PROFITABILITY

\$ million	Constant Currency		Change		Actual Rates
	H1 2024	H1 2023	\$	%	H1 2024
Revenue	1,661	1,620	41	3%	1,652
Direct Costs	470	470	—	0%	468
Gross Margin	1,191	1,150	41	4%	1,184
Gross Margin %	71.7%	71.0%		0.7ppt	71.7%
Staff Costs	694	687	(7)	(1%)	692
Other G&A	169	161	(8)	(5%)	167
<b>EBITDA</b>	<b>328</b>	<b>302</b>	<b>26</b>	<b>9%</b>	<b>325</b>

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 increase below revenue growth reflecting delivery of headcount initiatives

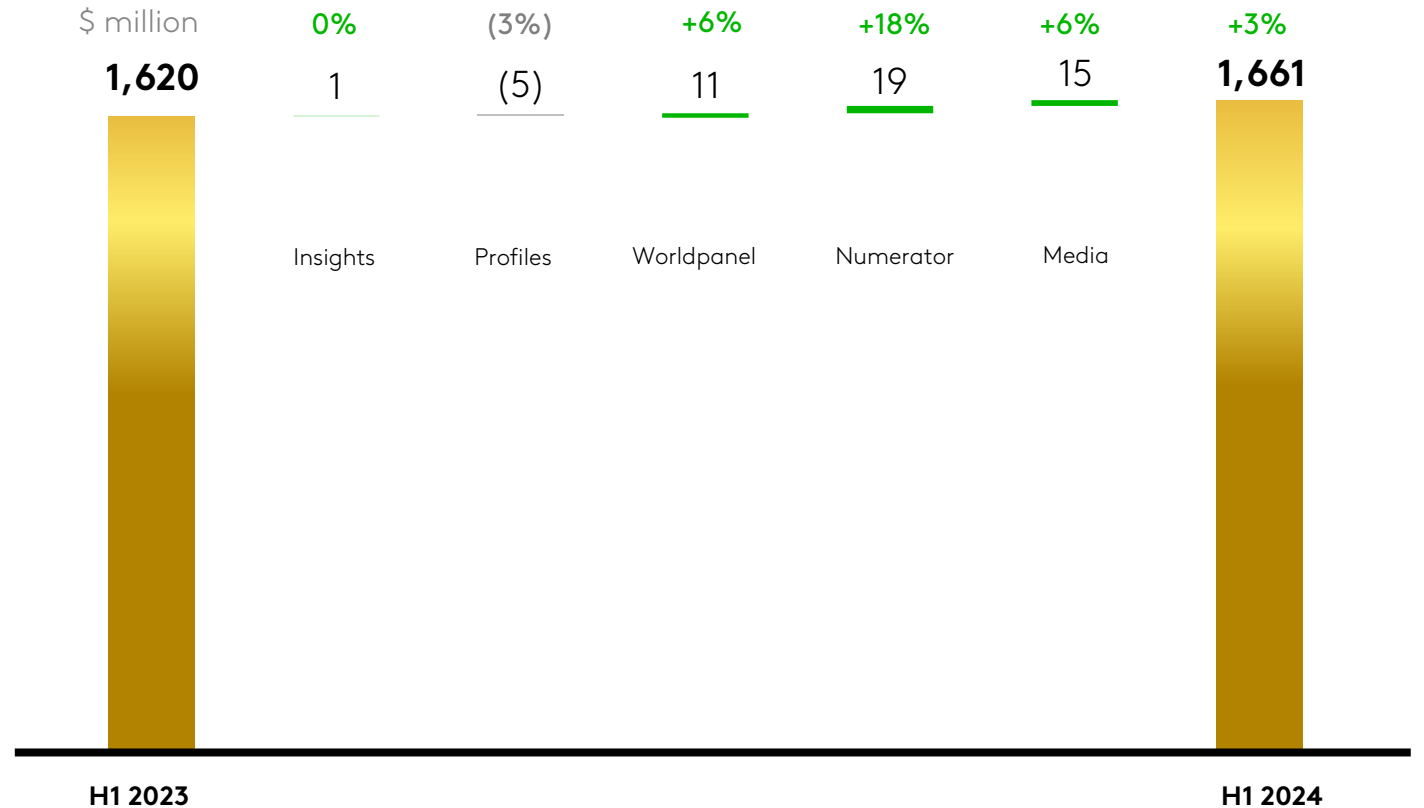
G&A cost growth contained due to tight controls on discretionary spend offsetting price inflation

### Notes:

1. Revenue (including intercompany trading) at constant currency Budgeted 2024 FX.
2. Comparatives exclude divested businesses and include acquisitions.

# KANTAR STRONG GROWTH IN SYNDICATED REVENUES

- Macro headwinds continue to weigh on advertising performance, leading to continued client caution
- Kantar is focused on solving key client challenges, including marketing effectiveness and efficiency
- **Insights** reflects good momentum in EMEA and LATAM, offset by headwinds in North America
- **Profiles** is outperforming a turbulent market, leveraging its leadership on data quality
- **Worldpanel** has delivered strong contracted renewal performance and new business growth
- **Numerator** continues its strong growth, reflecting its market-leading position in consumer panels for CPG companies in the US
- **Kantar Media** reflects benefit of long-term contracts and growth in cross-media solutions

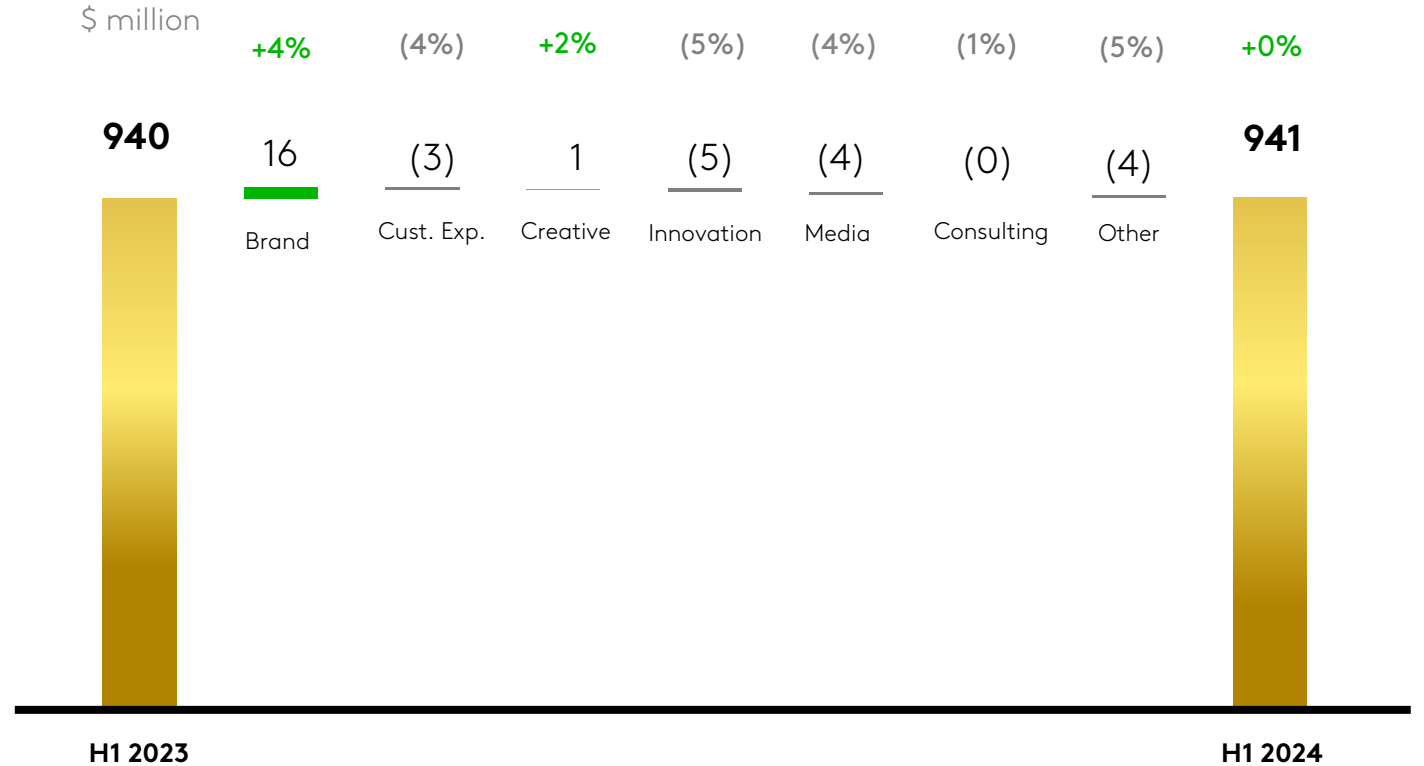


**Notes:**

1. Revenue (including intercompany trading) at constant currency Budgeted 2024 FX.
2. Comparatives exclude divested businesses and include acquisitions.

# INSIGHTS CONTINUED GROWTH IN HIGHLY RECURRING BRAND SOLUTIONS

- Clients continue to focus on the importance of **Brand**, a core strength of Kantar; continued growth across all markets
- **Customer Experience** growth in LATAM, India and Nordics, offset by S Africa, France and Germany
- **Creative** growth in all major markets except USA, Singapore and Netherlands; shift to Marketplace delivering higher margins
- **Innovation** growth in China, offset by declines in USA, Germany and India; shift to Marketplace delivering higher margins
- **Media** growth in all major markets except France and USA (softness in publisher demand)

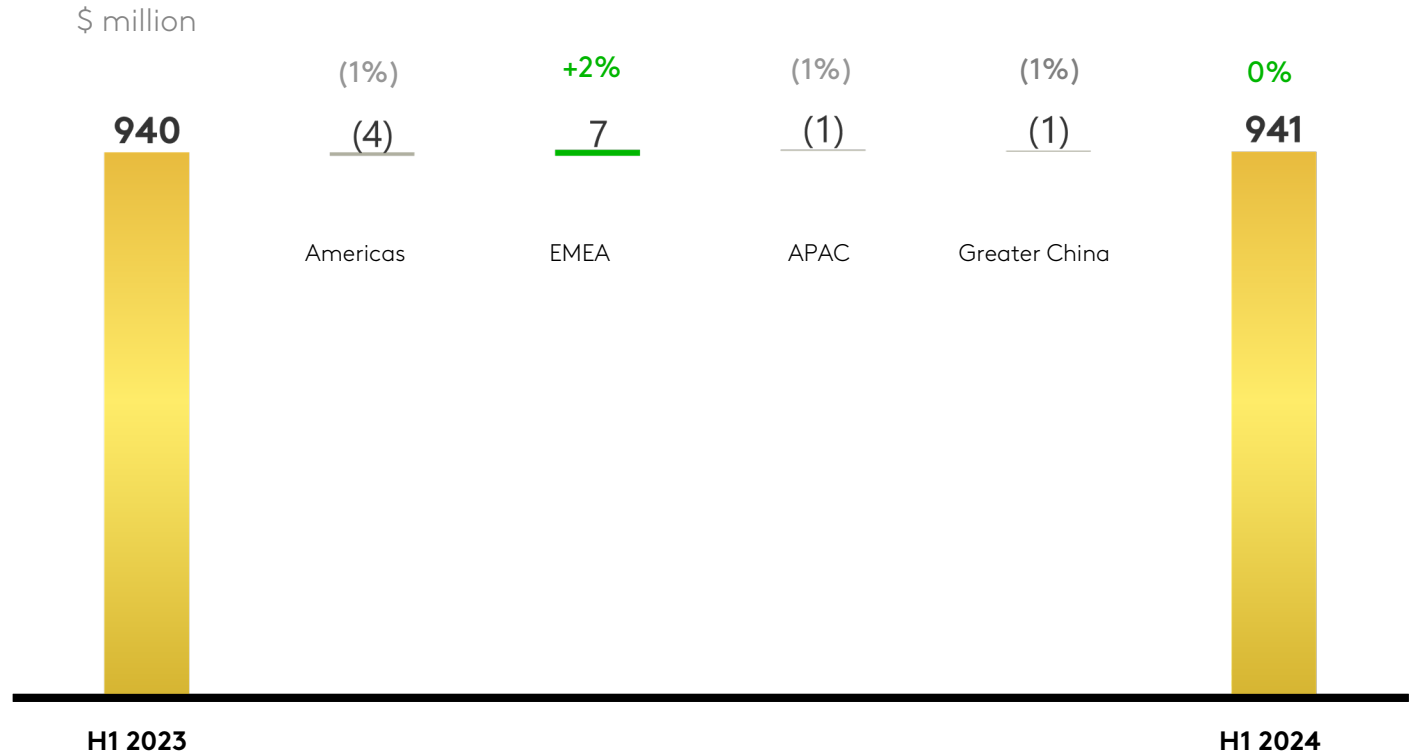


**Notes:**

1. Revenue (including intercompany trading) at constant currency Budgeted 2024 FX.
2. Comparatives exclude divested businesses and include acquisitions.

# INSIGHTS STABLE LED BY GROWTH IN EMEA

- Lower revenue in **North America**, reflecting market softness (Media & Creative), especially from large technology clients
- **LATAM** continues to grow well across six of its seven markets
- **EMEA** growth across all major markets, except France. Strong growth in UK, Italy and Middle East & Africa
- **APAC** growth in India, Korea and Vietnam, offset by softness elsewhere in SE Asia and ANZ
- **China** returned to growth in Q2, although clients remain cautious with their budgets



**Notes:**  
 1. Revenue (including intercompany trading) at constant currency Budgeted 2024 FX.  
 2. Comparatives exclude divested businesses and include acquisitions.

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BALANCE

**SHEET**

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# LEVERAGE IN LINE WITH EXPECTATIONS

## LTM EBITDA

\$ million		H1 2024
<b>LTM Adjusted EBITDA<sup>(1)</sup></b>		745
Impact of acquisition and disposals	①	(8)
Other adjustments per the Covenant definition of LTM Adjusted EBITDA	②	16
Dividends Received from associates		4
Run-rate adjustment	③	14
<b>Covenant LTM Adjusted EBITDA</b>		<b>771</b>

## NET DEBT POSITION

\$ million		H1 2024	x Covenant Adjusted EBITDA
Cash and cash equivalents	④	(144)	
Senior Facilities		2,214	
Senior Secured Notes		1,496	
<b>Consolidated Senior Secured Net Debt</b>		<b>3,566</b>	<b>4.62x</b>
Senior Unsecured Notes		458	
<b>Consolidated Senior Secured and Unsecured Net Debt</b>		<b>4,024</b>	<b>5.22x</b>
Other Debts	⑤	223	
<b>Consolidated Net Debt</b>	⑥	<b>4,247</b>	<b>5.50x</b>

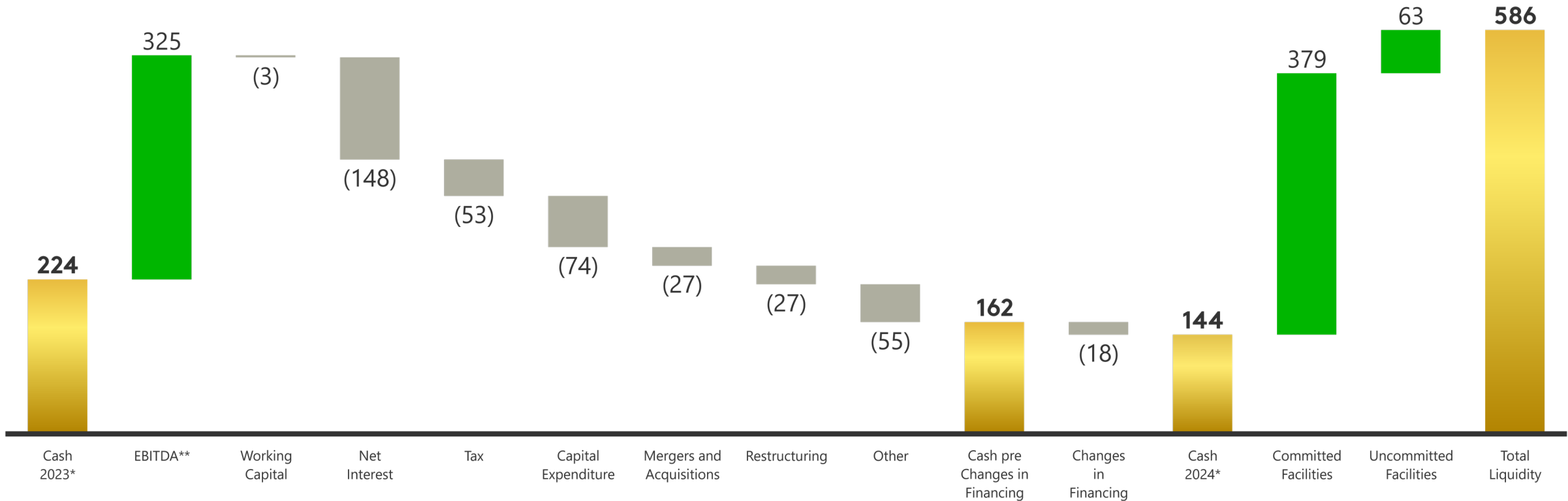
- ① Net impact from the sale of Profiles Health and Media Health and Vivvix.
- ② Includes adjustments for: property taxes, non-cash pension costs, other non-cash charges, foreign exchange and proforma adjustments per the definitions within the Senior Facilities Agreement.
- ③ Estimated annualised run-rate savings as identified in the original underwriting plan as well as longer-term specifically identified transformation measures. \$14 million represents future impact from initiatives identified and being implemented as of June 2024. Run-rate adjustment for covenant purposes is limited to 25% of overall LTM EBITDA.
- ④ \$144 million of Senior Secured cash as at end of June with liquidity of \$586 million including available undrawn facilities.
- ⑤ Represents IFRS 16 lease liabilities, and a \$7 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 30 June 2024.

# H1 24 CASHFLOW FROM OPERATIONS IS \$221M HIGHER VS PRIOR YEAR (\$272M VS \$51M)

\$ million



**Notes:**

\* Excludes cash and all movements that are outside of the Senior Lender perimeter.

\*\* EBITDA is at actual rates.

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FY 2024

**OUTLOOK**

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## FY 2024 OUTLOOK

- Given uncertain macro, we are planning for revenue growth in 2024 in line with current run-rate
- Secured revenue, 76% of full year expectations, in line with historical performance
- Pressure on client budgets remains the key challenge to new business growth
- Continuation of tight cost and headcount controls to drive operating leverage
- Investment in technology transformation continues, however one-off spend will be lower
  - Lower capex: \$160 million (vs \$201 million in 2023)
  - Lower one-off spend: \$50 million (vs \$114 million in 2023)
- Working Capital expected to be significantly improved in 2024, seasonal decline anticipated in Q3

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Q&A

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# APPENDIX

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# RECONCILIATIONS

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# FINANCIAL STATEMENT TO CONSTANT CURRENCY EBITDA

\$ million	H1 2024	H1 2023
<b>Operating profit/(loss) per Statement of Income</b>	<b>44</b>	<b>(7)</b>
Amortisation of other intangible assets	167	166
Depreciation of property, plant and equipment	17	15
Depreciation of right-of-use assets	23	28
Acquisition and disposal related costs	27	33
Restructuring and transformation costs	13	41
Other items <sup>(1)</sup>	34	45
<b>Adjusted EBITDA – actual exchange rates</b>	<b>325</b>	<b>321</b>
Proforma impact of acquisition and disposals	—	(14)
Foreign exchange for constant currency	3	(5)
<b>Adjusted EBITDA – constant currency</b>	<b>328</b>	<b>302</b>

**Notes:**

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

# REVENUE AND CASH RECONCILIATIONS

## GROSS REVENUE RECONCILIATION

\$ million	H1 2024	H1 2023
<b>Revenue per Consolidated Statement of Income</b>	<b>1,419</b>	<b>1,469</b>
Intercompany revenue	234	224
Proforma impact of acquisitions and disposals	—	(66)
Foreign exchange on constant currency	8	(7)
<b>Gross revenue</b>	<b>1,661</b>	<b>1,620</b>

## CASH RECONCILIATION

\$ million	H1 2024	FY 2023
<b>Cash per Consolidated Statement of Financial Position</b>	<b>(475)</b>	<b>(466)</b>
Reclassification of Bank Overdrafts	283	201
Outside the Senior Lenders' perimeter	48	41
<b>Cash per Senior Lender Net Debt</b>	<b>(144)</b>	<b>(224)</b>
Retranslation at LTM average FX rates	—	(13)
<b>Cash per Consolidated Senior Secured Net Debt</b>	<b>(144)</b>	<b>(237)</b>

## RECONCILIATION JUNE YTD 2023 CONSTANT CURRENCY IN H1 2023 PRESENTATION TO 2024 CONSTANT CURRENCY IN H1 2024 PRESENTATION

\$ million	Revenue	EBITDA
<b>Constant Currency per June 2023 Presentation</b>	<b>1,684</b>	<b>319</b>
Less: Profiles Health and Media Health	(11)	—
Less: Vivvix	(55)	(14)
Change in Constant Currency Rates	2	(3)
<b>Constant Currency per June 2024 Presentation</b>	<b>1,620</b>	<b>302</b>

# CONSOLIDATED SENIOR SECURED NET DEBT LEVERAGE RATIO

Consolidated Senior Secured Net Debt on 30 June 2024 was \$3,566 million and LTM EBITDA for the Relevant Period was \$771 million. As at 30 June 2024, Consolidated Senior Secured Net Debt was 4.62 times LTM EBITDA.

## RECONCILIATION OF CONSOLIDATED SENIOR SECURED NET DEBT

\$ million	Cash, Less Bank Overdrafts	Borrowings (Excl. Bank Overdrafts)	Net Debt
<b>Per the Consolidated Statement of Financial Position as at 30 June 2024</b>	<b>(192)</b>	<b>4,290</b>	<b>4,098</b>
Unamortised Debt-issuance Costs deducted from Borrowings	—	122	122
Cash and Debt Outside of the Senior Secured Lenders' Perimeter <sup>(1)</sup>	48	(702)	(654)
<b>Consolidated Senior Secured Net Debt</b>	<b>(144)</b>	<b>3,710</b>	<b>3,566</b>

### Notes:

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

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# OTHER **ANALYSIS**

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## PROFIT AND LOSS ACTUAL RATES

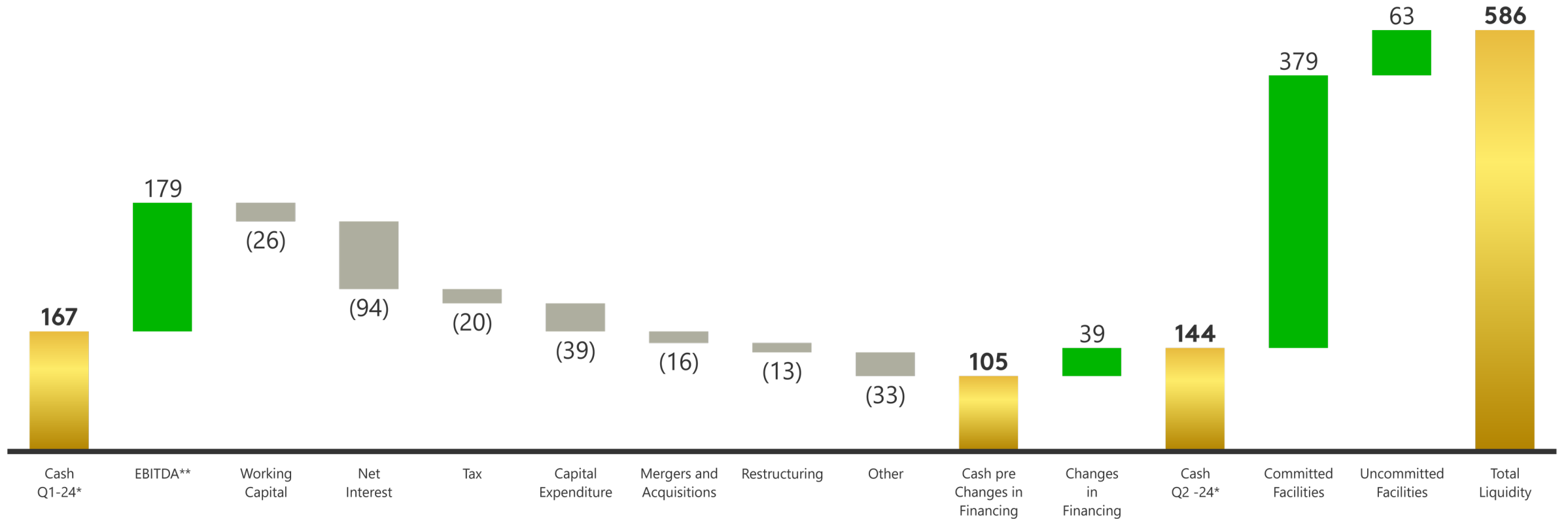
	Actual Rates		Change	
	H1 2024	H1 2023	\$	%
\$ million				
Revenue	1,652	1,697	(45)	(3%)
Direct Costs	468	487	19	4%
Gross Margin	1,184	1,210	(26)	(2%)
Gross Margin %	71.7%	71.3%		0.4ppt
Staff Costs	692	718	26	4%
Other G&A	167	171	4	2%
<b>EBITDA</b>	<b>325</b>	<b>321</b>	<b>4</b>	<b>1%</b>
EBITDA Margin	19.7%	18.9%		0.8ppt

**Notes:**

1. Revenue (including intercompany trading) at actual June 2024 FX.
2. Comparatives not adjusted to exclude divested businesses and include acquisitions.

# Q2 2024: CASH INFLOWS FROM FINANCING AND EDITDA IN THE QUARTER

\$ million



**Notes:**

\* Excludes cash and all movements that are outside of the Senior Lender perimeter.

\*\* EBITDA is at actual rates.

## KANTAR REVENUE BY DIVISION

Division	Q1 2024	Q1 2023	Q2 2024	Q2 2023	H1 2024	H1 2023
Insights	475	471	466	469	941	940
Profiles	72	75	79	81	151	156
Worldpanel	91	87	102	95	193	182
Numerator	61	52	64	54	125	106
Kantar Media	122	115	129	121	251	236
<b>Total</b>	<b>821</b>	<b>800</b>	<b>840</b>	<b>820</b>	<b>1,661</b>	<b>1,620</b>
<b>Intercompany Revenue</b>	<b>(116)</b>	<b>(108)</b>	<b>(118)</b>	<b>(116)</b>	<b>(234)</b>	<b>(224)</b>
<b>External Revenue</b>	<b>705</b>	<b>692</b>	<b>722</b>	<b>704</b>	<b>1,427</b>	<b>1,396</b>

**Notes:**

1. All values at constant currency Budgeted 2024 FX.

## KANTAR REVENUE BY GEOGRAPHY

\$ million

Geography	Q1 2024	Q1 2023	Q2 2024	Q2 2023	H1 2024	H1 2023
Continental Europe	177	185	181	193	358	378
UK	150	134	149	128	299	262
North America	199	194	202	203	401	397
Asia Pacific	180	180	180	182	360	362
Latin America	84	78	94	83	178	161
MEA	31	29	34	31	65	60
<b>Total</b>	<b>821</b>	<b>800</b>	<b>840</b>	<b>820</b>	<b>1,661</b>	<b>1,620</b>
<b>Intercompany Revenue</b>	<b>(116)</b>	<b>(108)</b>	<b>(118)</b>	<b>(116)</b>	<b>(234)</b>	<b>(224)</b>
<b>External Revenue</b>	<b>705</b>	<b>692</b>	<b>722</b>	<b>704</b>	<b>1,427</b>	<b>1,396</b>

**Notes:**

1. All values at constant currency Budgeted 2024 FX.

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H1 2024

Presentation

2<sup>nd</sup> August 2024