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29 April 2020

Ascential plc

Covenant amendments and Q1 trading update

Ascential plc (LSE: ASCL.L), the specialist information, data and analytics company, today announces the successful conclusion of discussions with its lenders, an update on Q1 trading, and additional mitigating actions taken to address the effects of restrictions related to the COVID-19 pandemic.

Covenant amendments

As previously announced, Ascential successfully refinanced its debt facilities in January 2020, and expects to operate well within its covenants at the next testing date at 30 June 2020. The new facilities comprise a £450m revolving credit facility (RCF) maturing in January 2025 and provide considerable liquidity headroom when compared to net debt of £154m at 31 March 2020 (31 December 2019: £171m).

To address the uncertain business environment and ensure maximum flexibility for the Company in the medium term, across a broad range of business planning scenarios including a scenario in which no events take place in 2020, Ascential is pleased to have agreed the following covenant amendments with its banking group:

- At the December 2020 testing point – a full waiver of the leverage and interest cover covenants¹
- At the June 2021 testing point – the leverage covenant ratio limit has been relaxed from 3.25x to 3.75x to provide greater flexibility in a scenario in which no events take place in 2020.

Impact of COVID-19 related restrictions and additional mitigating actions

The majority of Ascential's revenues come from robust digital subscriptions and platforms and high repeat advisory revenue streams. However, the Company does derive 25% of its revenue from live events and 8% from its Cannes Lions benchmark product. As previously announced, as a result of the impact of COVID-19 restrictions, the Company has cancelled the 2020 edition of the Cannes Lions Festival and its associated regional events, which comprised just over half total revenues in the Marketing Segment in 2019. Additionally, we have deferred the Money20/20 Asia and Money20/20 Europe events from H1 to August 2020 and September 2020, respectively.

In order to mitigate the impact of both cancellations and deferrals as a result of COVID-19 restrictions, we have previously announced the suspension of the share buyback programme and the 2019 final dividend, a temporary reduction of 25% in the Executive Directors' salaries and Non-Executive Director fees, and a suspension of the previously proposed 2020 annual salary increases across Ascential.

¹ Subject to maintaining a minimum of £100m in cash or undrawn facilities at 31 December 2020.

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In addition to these previously announced measures, Ascential has identified a further £20-£40m of prudent cost saving measures in the current financial year, which can be deployed as the year evolves. Our objective will be to balance near-term cost focus with the importance of preserving and nurturing Ascential's market leading positions and capabilities and its ability to deliver a strong rebound in 2021.

Trading update for the three months ended 31 March 2020

With the deferral of events to the second half of the year, trading in the first quarter comprised our Digital Subscription & Platforms and Advisory businesses. Revenue grew by 5.1% on an Organic basis or 5.7% on a Proforma basis with the growth weighted to January and February before the full impacts of COVID-19 restrictions were felt.

Digital Subscription & Platforms (80% of revenue in the quarter) grew well with revenue up 19% on the prior year, with solid subscription renewals across all businesses more than offsetting a general slowing of new business won towards the end of the quarter. The Advisory business (c.20% of revenue in the quarter) saw a greater impact from the poorer trading conditions associated with the COVID-19 restrictions, declining 16% year on year in the quarter.

We ended the quarter with net debt of £154m (31 December 2019: £171m) after receipt of proceeds from the sale of Jumpshot in January and the payment of £12m of deferred consideration (with a further £56m paid or payable in the early part Q2). In order to maximise liquidity, the Company drew £201m of its RCF and at the quarter end holds cash amounting to £234m.

Product Design Segment

This segment which is 90% subscriptions, saw a good start to the year, driven by the ongoing take-up of non-apparel focused subscriptions, such as Insight and Beauty. Subscription renewal rates achieved particularly strong levels but this was partly offset by a slow-down in new business towards the end of the quarter, combined with tougher 2019 comparable results for the advisory product. Work continues to expand our product offering and we expect to launch our new product addressing the Food & Drink end market in June ahead of schedule.

Marketing Segment

Trading in the quarter was influenced by the far tougher conditions experienced in our advisory business lines particularly in comparison to the equivalent period in 2019. The digital subscription products have made good progress, thus growing further the proportion of non-events driven revenue streams in this segment.

Sales Segment

Digital Commerce

The Digital Commerce element of the Sales Segment (comprising Edge by Ascential, Flywheel Digital and Yimian) grew very strongly in the first quarter. Edge enjoyed solid trading in a period that contains a high proportion of annual renewals. The business has now completed the customer facing aspects of its integration programme through the recent launches of both Market Share and Digital Shelf to customers in March, ahead of schedule. Q2 will be used to decommission old systems and complete the programme.

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In addition to the global customer agreement recently signed with Coca-Cola, Edge has also secured a global relationship with Adidas.

Yimian and Flywheel Digital both saw extremely strong growth in the period. In particular, Flywheel added a number of significant new customers; delivered initial services to customers on the Walmart platform; and are rapidly onboarding clients to the Instacart and Kroger platforms. The integration of Indigitous into Flywheel is well under way and we are pleased to have added this new capability in Athleisure to our product offering.

Common to the Digital Commerce businesses were the particularly high levels of traffic seen on the world's major platforms, as the underling momentum towards on-line commerce accelerated, driven in part by the travel and movement restrictions associated with COVID-19.

Non-Digital Commerce

With Money20/20 Asia deferred to August, the contribution in the period from the remainder of the Non-Digital Commerce subsegment (RWRC) was not significant.

Built Environment & Policy

The segment grew strongly in the quarter although, for the Groundsure product line, the material slow-down in UK property transactions towards the end of the quarter has had a direct impact on this momentum.

Duncan Painter, Chief Executive Officer, commented:

"Our businesses made a positive start to 2020 considering the circumstances. With the deferral of events to H2, trading in the first quarter has been exclusively from our Digital Subscription & Platforms and Advisory businesses. These comprise the majority of our revenue streams overall, with the Digital Commerce sub-segment, in particular, displaying very strong growth in the quarter which is expected to continue through 2020.

As expected, our subscription driven revenue streams have been resilient to the impact of the COVID-19 restrictions and the far weaker overall market conditions seen towards the end of the quarter, although a tapering of new business opportunities while these conditions persist is inevitable. Again, as expected, our advisory revenue streams have been more directly impacted by these weaker conditions, particularly in comparison to their strong results in Q1 2019, and we would expect this impact to persist throughout the current period of economic stress.

The covenant amendments we have announced today, combined with prudent cost measures, ensure that our business remains well set to weather the impact of COVID-19 and I would like to extend my thanks to our banking group for their strong support for the company.

The majority of our employees have now been working remotely for over six weeks and, like countless others, adapting to a very different way of life. I would like to thank them all for the extraordinary resilience they have displayed in these circumstances as well as their productivity and the dedication they have shown, both in working so effectively with each other and in continuing to provide world class services and products to our

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customers. This gives me confidence that Ascential will emerge even stronger the other side of the COVID-19 restrictions.”

Cautionary statement

Certain statements in this announcement constitute, or may be deemed to constitute, forward-looking statements (including beliefs or opinions). Any statement in this announcement that is not a statement of historical fact including, without limitation those regarding the Company’s future expectations, operations, financial performance, financial condition and business is a forward-looking statement. Such forward looking statements are subject to risks and uncertainties that may cause actual results to differ materially. These risks and uncertainties include, among other factors, changing economic, financial, business or other market conditions. These and other factors could adversely affect the outcome and financial effects of the plans and events described in this announcement. As a result, you are cautioned not to place reliance on such forward-looking statements. Except as is required by the Listing Rules, Disclosure and Transparency Rules and applicable laws, no undertaking is given to update the forward-looking statements contained in this announcement, whether as a result of new information, future events or otherwise.

This announcement has been prepared for the Group as a whole and therefore gives greater emphasis to those matters which are significant to Ascential plc and its subsidiary undertakings when viewed as a whole.

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About Ascential:

Ascential is a specialist information, data and analytics company that helps the world's most ambitious businesses win in the digital economy. Our information, insights, connections, data and digital tools solve customer problems in three principal disciplines:

- **Product Design** via global trend forecasting service WGSN;
- **Marketing** via global benchmarks for creative excellence and effectiveness, Cannes Lions and WARC, and strategic advisory firm MediaLink; and
- **Sales** via eCommerce-driven data, insights and advisory firm Edge by Ascential and Yimian, leading managed services provider for Amazon, Flywheel Digital, the world's premier payments and FinTech congress Money20/20, global retail industry summit World Retail Congress and Retail Week.

Ascential also powers political, construction and environmental intelligence product brands DeHavilland, Glenigan and Groundsure – together comprising the Built Environment and Policy Segment.

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