PRODUCT DESIGN

2019 was a successful year for our Product Design segment, with Organic revenue growth accelerating to 8%, driven by advisory revenues, continued strong retention and the launch of WGSN Beauty.

Revenue and Adjusted EBITDA both grew well in the period, with margin expanding despite product launch investment.

Through our **WGSN product**, we are a leading global supplier of trend forecasts, market intelligence and insight, to design-led businesses, helping them understand the future demands of their consumers, and the underlying influences that shape the preferences of different consumer communities. We have around 6,500 customers in over 90 countries. Information is delivered primarily through digital subscriptions (c.90% of our revenue) with growing specialist advisory and colour services, through Mindset and Coloro respectively.

The Product Design segment has seen continued take-up of products launched in recent years such as Insight (the broad consumer trends product), Barometer (brand sentiment tool) and Coloro (the colour system). These not only offer new growth opportunities within the existing customer base but have driven an expansion of the addressable market beyond apparel and into newer product categories, as with the launch of Beauty in April 2019. This offering, specifically for the beauty industry, serves product developers with trend information based on four key elements: Ingredients, Texture & Fragrance, Colour, and Packaging. We now have over 200 customers signed up to Beauty, achieving more than double our original year one targets.

Instock, our digital shelf product for apparel companies, continues to gain traction with Financial Services companies interested in utilising alternative data to inform their investment decisions and we are focusing our efforts on this end market.

We will continue to explore opportunities to enter new market segments where our expertise in trend forecasting can be adapted, with a new product in the Food & Beverage market targeted for launch later in 2020. We will also continue to use data from other Ascential products to inform forecasts and analysis including empirical innovations such as the Trend Curve, launched in September 2019.

These initiatives position us well for continued mid to high single digit revenue growth in this segment.

MARKETING

One of our key objectives for 2019 was to re-establish the Marketing segment as a pillar of sustainable growth after a re-set year in 2018 for its two largest businesses.

We are therefore pleased to report 9% Organic revenue growth and 20% Organic Adjusted EBITDA growth for the year. Margin grew to 37% as a result.

Through Cannes Lions we are the globally recognised international benchmark for brand creativity, delivered via the festival platform in June, and through year-round digital products and consultancy engagements. Following the changes implemented in 2018, including the new awards structure and re-focus into a shorter, five-day period, the festival returned to double-digit growth in 2019. Last year's changes to the festival's format continue to be extremely well received by participants, resulting in a 2019 NPS score of 69, the highest on record and positioning Lions well for future growth. All three Cannes Lions revenue streams grew in 2019:

- *Award entries* accounted for 36% of Lions revenue. We were pleased with the launch year performance of the Entertainment Lion for Sport and the Creative Strategy Lion while the Creative Effectiveness category continued to expand. The new points-based award for Creative Brand of the Year, won in 2019 by Burger King, helped drive growth in entries from brands.

- *Delegate passes* accounted for 33% of the festival's revenue. We saw a good increase in the volume of delegates, driven in part by growing popularity of the "Cannes Curated" product for major brand groups.

- *Partnerships and digital* revenues accounted for 31% of Lions' revenues, with The Work and Lions Digital Pass broadening engagement with the creative community beyond the physical environment of the city of Cannes. These Lions Intelligence services have further developed the Marketing segment's year-round digital revenue streams helped by the growth of the Lions Advisory offering of training programmes and consultancy services for brands and media platforms.

Through the MediaLink offering Ascential develops partnerships and strategy for customers operating at the intersection of the media, marketing, advertising, technology and entertainment industries. Over previous years we have refined the business in favour of project work, particularly for brands, rather than structurally weaker sectors such as digital publishing.

The first half of 2019, in particular, benefitted from several major agency reviews and strong performance from the programme of targeted content, curated experiences and hosted meetings at The Consumer Electronics Show (CES) and Cannes Lions festival, with more than 1,800 hosted meetings taking place (a record for the business). In particular, the new location in Cannes (a dedicated facility at the heart of the festival), proved extremely popular with customers. The most high profile engagement this year was the global media agency review for Disney, the largest of its kind in the market in three years. Lastly, we were delighted to see MediaLink's founder and CEO, Michael Kassan, inducted into the 2019 American Advertising Federation's Hall of Fame in recognition of his and the business's work in the industry.

Through WARC's digital subscription-based information we help brands, agencies and media platforms measure marketing effectiveness across all channels. Revenue grew strongly, with a significant focus on product, content and marketing enhancements. A notable development was the launch of operations in China, supported by a Shanghai based team delivering localised content in this increasingly important market. Other highlights included the relaunch of the Gunn report as 'WARC Rankings', a benchmark for excellence in marketing based on performance in the world's most prestigious industry awards.

One of our aims within the Marketing segment is to further diversify our revenue streams and build ever more recurring and repeat revenues. To further that aim we have made a strategic investment in Hudson MX, a New York based company building a software platform that empowers buyers, agencies, and their partners to reduce the operational costs inherent in the media buying process.

2019's growth rate in the Marketing segment clearly benefitted from the foundations laid in 2018 as well as the return of a key customer to Cannes Lions after a one-year hiatus. These foundations position us well for mid-single digit revenue growth in this segment.

SALES

Revenue in the Sales segment grew by 3% on an Organic basis or, including the impact of 2018 acquisitions (principally Flywheel Digital), by 11%.

The Organic and Proforma decline in EBITDA reflects high levels of investment in the Edge and Flywheel Digital products in the year as well as the expected decline in revenue from the smaller World Retail Congress and Retail Week.

Digital Commerce
The Digital Commerce element of the Sales segment (comprising Edge by Ascential, Flywheel Digital and Yimian) grew revenues by 9% on an Organic basis and 21% on a Proforma basis.

Through **Edge** by Ascential we deliver eCommerce data, insights and advisory, comprising performance measurement, digital shelf optimisation, pricing & promotion and retail strategy expertise.

As previously reported, following a period of rapid customer acquisition for each of its major products, in the second half of 2018 this business commenced an integration programme which will run until the first half of 2020. With a focus on unifying its go to market approach, Product Leadership, Innovation, Technology and Operations platforms, the programme will additionally scale the organisation, processes and systems required to manage significant numbers of global customers. With the initial phases, covering organisational structure and CRM systems, completed by June 2019, progress has also been made on the underlying platform consolidation, with the phased roll-out of digital shelf catalogue systems to market share customers completed on schedule in December 2019 and the launch of the new market share platform.

Edge acquired 89 new customers in 2019 (2018: 107), but, as previously reported, revenue growth rates reduced. This was due in part to the impact of our integration efforts, with cross-sell and upsell opportunities dependent partly on our phased transfer of customers to the new catalogue platform. However, we were encouraged by trading during the first month of 2020 which was ahead of plan, which was especially important as Edge renews 35% of its book of business in the month of January.

Through **Flywheel Digital** we provide managed retail and media services to brands on Amazon and more recently Walmart, Instacart and Kroger. Since acquisition in November 2018, we have established these services in Europe, Australia and Japan. The rate of revenue growth in 2019 has continued to be extremely strong against a backdrop of good US market conditions and Amazon's strong growth, including its best ever Black Friday in 2019 (online spend up by 16% over the Thanksgiving holiday weekend). All three revenue lines (retainer, retail commission and media commission) continued to grow strongly, benefiting from expanding markets and continued share gains while 28 new customers were added in the year.

In 2019 we were also pleased to launch both our Spotlight operation in New York and our initial Walmart service offering, being selected among the first Walmart Advertising Partners. We invested heavily in scaling the overall business, while taking the lead in building Ascential's wider data science capabilities. Most recently, in February 2020, we have expanded into the active lifestyle category through the acquisition of Indigitous, an Amazon-focused service provider based in Seattle.

Finally, in this sub-segment, after an extensive search and considerable diligence, we were delighted to acquire the Chinese eCommerce analytics specialist Yimian. With around 100 staff based in Shenzen and Shanghai, Yimian helps its customers, predominantly multi-national CPGs, optimise their sales on eCommerce platforms. Its principal offerings comprise insight on sales & share performance and pricing & promotion trends, together with analysis of ratings and reviews on both retail and social platforms.

SALES

Non-Digital Commerce

Through **Money20/20** we are the leading hub worldwide for digital payments product strategy. Our congresses focus on the evolution of consumer payment and financial services through mobile, retail, marketing services, data and technology, and, despite a small decline for the Asia edition, achieved modest growth overall in the year, driven by the European event.

At the Asian event in Singapore, over 3,000 attendees explored the future of money. After an outstanding launch edition in 2018 that was two years in the making, the 2019 event saw a small year over year revenue decline and we have spent significant time redesigning and relaunching the 2020 show.

Meanwhile, in its fourth year, the European congress in Amsterdam delivered strong growth, with increases in revenue and volumes for both delegates and sponsors, reflecting the quality of the product and location and the scale of the European market. The event attracted more than 6,000 attendees while the enlarged exhibition space in Amsterdam enabled an increase in net square meterage sold.

Now in its eighth year, the US event took place in Las Vegas as usual, with good growth in both exhibitor and delegate volumes driven by a refreshed pricing strategy focusing on volume over yield. A revised venue layout offered delegates a more inclusive learning experience along with an improved networking experience via our App (delivering over 4,000 meetings) and we saw a strong improvement in NPS scores.

The planned second edition in China, due to be held in December 2019, was deferred due to a hiatus for international companies in the Chinese FinTech market arising from a combination of macro-economic trends and changes in local market dynamics including significant changes in the Peer-to-Peer lending sector that had been an important revenue source in 2018. We intend to return the event to China in due course when market conditions improve.

The final, and smallest, element of the Sales Segment is delivered by the Retail Week and World Retail Congress products. These brands saw a revenue decline in the face of a highly challenged bricks and mortar retail environment particularly in the UK.

We are targeting high single digit growth in the Sales Segment going forward with that growth clearly skewed towards the Digital Commerce sub-segment.

BUILT ENVIRONMENT & POLICY

The Built Environment & Policy segment comprises the Groundsure, Glenigan and DeHavilland digital information products. Revenue for the year grew by 5% to £35.9m, with all three products contributing growth.

Through **Groundsure** we are a leading provider of environmental risk data to the UK residential property market. The product grew well against a UK residential property market that declined, as it continued to lead on product innovation, with new products in the period focusing on coal mining and energy & transportation, together with the refresh of the Groundsure Homebuyers report. Shortly after the year end we reinforced our commitment to product innovation with the acquisition of a small specialist data provider and consultant based in Cornwall, Mining Searches UK, through which we will add non-coal to our mining searches portfolio.

Through **Glenigan** we provide construction project sales leads, industry data, analysis, forecasting and company intelligence. The business grew in the year and maintained good retention rates, against a challenging market backdrop. The bespoke research element of the product achieved good traction in the market throughout the year reflecting our high standing with customers.

Finally, through **DeHavilland**, we are a leading provider of political intelligence and monitoring services in the UK and EU. The business achieved good growth in the year, improving its retention rates, helped by the launch of a new data feed API which allows clients to receive political contact data directly into their CRM solutions. While Brexit undoubtedly drove some increased customer need throughout 2019, we expect that this will continue as the UK moves into the next demanding phase of its exit from the European Union.

We are targeting the Built Environment & Policy segment to continue to grow at similar levels to 2019.