Numerator | Kantar H1 Lender Call | LSEG | August 20, 2026

Intro:

At Kantar, we believe in the power of brand. Every year, we talk to millions of real consumers wherever they are, collecting billions of insights into how they think and act, so we understand how their lives and their relationships to products and services are evolving. Placing what matters most to people at the core of your strategy, identifying the creativity that's effective, and the media campaigns that work. Tracking your brand health, decoding shopper behavior, improving your consumer experience, and innovating more effectively. That's why for over 50 years, the world's most valuable companies have trusted us to be their indispensable brand partner. Kantar, shape your brand future.

Operator:

Good day, ladies and gentlemen, and welcome to the Numerator/Kantar H1 Lender Call. If you'd like to ask a question in a 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 Raise Hand function at the bottom of your Zoom screen. Instructions will follow at the time of the Q&A. I'd 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. Welcome to our Half 1 Lender Call. Could we please go to the speaker slide and go forward two slides, please? Thank you very much.

As many of you on the call will know well, over the past 7 years or so since our acquisition by Bain Capital, we've been restructuring, refocusing, and simplifying our business. Today, we operate two standalone entities of Numerator, which also includes Worldpanel and Kantar, which comprises what we previously called Insights and Profiles. These two companies, although under one financing structure, are entirely independent with separate management teams, client relationships, distinct products and processes, and their own technology infrastructure. From here on, we are going to be presenting our financial results to better reflect these two separate businesses.

I'm joined today by Regan Garrett, who's the CFO of Numerator, working with Eric Belcher, CEO. Regan will present the Numerator results. And by Lindsay Smith, who's the CFO of Kantar, working with Paul Zwillenberg, the CEO. Lindsay will present the Kantar results. And then Peter Russell, who many of you will know well is our Group treasurer, and I will then bring this together, the consolidated picture, including cashflow and leverage. Over now to Regan to give you the detail on Numerator and the performance in the first half.

Regan Garrett:

Great. Thank you, Michael. We can move to the next slide. One more. Okay, great. I'm going to be spending the next few minutes sharing more details with you all on Numerator, including a few of our global metrics, our first half trends and current outlook for the Numerator and Worldpanel by Numerator businesses. I'll walk through key value-creation actions that underpin our outlook, and then I'll close with a quick view into our consolidated Numerator Q1 and Q2 results.

Let's move to the next slide, and I will provide a brief description of the global Numerator business. Thank you.

Numerator is a data and technology company built on proprietary, zero-party, multimodal purchase and survey data gathered directly from millions of households. And that direct relationship with our consumers is central to the quality, relevance, and defensibility of the data that we provide to clients.

As you know, in 2025, we combined two complimentary businesses, but we retained the separate brands. We have Numerator and we have Worldpanel by Numerator. Numerator is primarily North America-focused and is built around tech-enabled purchase data and verified survey capabilities. And Worldpanel by Numerator extends our international consumer panel and measurement capabilities across a much broader geographic footprint. Today, the businesses share select back-office infrastructure, but they do retain distinct client offerings and operating models.

The combined business has meaningful scale. We generated $682 million of revenue in 2025. Our data and our coverage enables us to represent 6 billion consumers across more than 50 countries, and we capture more than 5 million purchased items and 33,000 survey responses daily from our panelists. That scale enables us to bring unmatched consumer insights to our 2,000 clients. We're primarily across consumer goods manufacturers and retailers.

With that context, I will now provide a comparison of our Numerator and Worldpanel by Numerator's financial profiles from the first half of the year. Let's jump to the next slide. Thank you. Turning to our first half performance, Numerator and Worldpanel by Numerator both have strong recurring revenue foundations and high margins, but the growth in the margin story do differ across the two businesses.

Starting with Numerator first, first half revenue was $150 million. That's up 9% year-over-year. Recurring revenue was $131 million. That's up 10%. You can see that our recurring revenue makes up 87% of the total revenue. This reflects a healthy base of contracted annual recurring revenue, and those contracts have an average length of over 27 months. Additionally, the adjusted EBITDA margin in the first half was in the low 40s.

Now, based on the current outlook, we do expect our Numerator revenue to continue to grow approximately 8 or 9% year-over-year in both the second half of 2026 and the full year of 2026.

Now, moving to Worldpanel by Numerator, Worldpanel has undergone a significant amount of change over the past 18 months as we bring it into Numerator's ways of working, and we are seeing the impact of that change in the first half results.

Worldpanel's reported first half revenue was 182 million. That is down 8% year-over-year. And recurring revenue was $139 million. That's down 4%.

It's important to note that the reported revenue decline does include the effective changes that we implemented to our financial reporting structure and our revenue recognition to drive better alignment and consistency across our global Numerator business. After normalizing for those items, which included shifting of our NRR revenue recognition to primarily upon delivery of projects and aligning our recurring revenue reporting to our contract dates, the underlying revenue decline is less. It's approximately 4%, which does still reflect softness in certain key markets, particularly in the UK and a few markets in EMEA.

That being said, Worldpanel does benefit from a strong recurring revenue base. In the first half, it made up 76% of our total revenue, and average contract lengths across for the Worldpanel business also exceed 29 months on average. From a profitability standpoint, Worldpanel has solid EBITDA margins in the low 30s.

Since coming together 18 months ago, our operational priorities for Worldpanel have been to, first, to build a world-class commercial engine, second, to right-size the cost structure, especially by leveraging our shared India Center of Excellence, and third, to focus our investments in key areas to improve our data and our customer experience.

We do expect the combination of these actions and a more comparable base in the second half of 2025 to support low single-digit year-over-year growth in the second half of the year, while the full year is expected to remain down low single digits for the Worldpanel by Numerator business.

On a consolidated basis, the Numerator and Worldpanel by Numerator outlook would imply mid-single-digit revenue growth in the second half and low-single-digit revenue growth for fiscal year 2026.

Looking ahead, Numerator will remain focused on our key growth levers, and Worldpanel will continue executing against several key value-creation initiatives meant to stabilize revenue and expand our margins.

If we move to the next slide, I will first take you through the key Numerator growth levers. Thank you.

At Numerator, we are pursuing several connected growth opportunities. I've spoken with you in the past about how our business is poised to benefit from recent AI trends. AI is not a standalone technology narrative for us. It is already contributing to client value and driving direct revenue opportunities for our business.

First, monetizing our proprietary data for use in AI models is an emerging growth opportunity. AI model developers need reliable real-world data to ground and improve model outputs, and we are selectively commercializing portions of our proprietary data for those use cases subject to our data-use controls. We have early commercial traction, around $1 million of revenue, and we see this as an attractive incremental revenue opportunity rather than a replacement for our core client proposition.

Second, we are using AI to improve the client experience and the value of our solutions. In September, we will launch Nexa, our conversational AI agent, which will allow clients to interact with the data in our core Insights platform using natural language. The objective is to reduce manual work, to make analysis more accessible, and to shorten the time from data to insight.

Third, our AI and machine learning capabilities are already driving operating leverage in our business, which allows us to more efficiently grow our most important data input: consumer purchase data. Our long-term investment in automation has reduced the cost to process our panelist data by nearly 80% since 2019, while we've been able to increase the volume and speed at which we can transcribe data from customer receipts.

As just a quick point, the same automation initiative that enabled us to reduce our workforce by over 250 FTEs in April of this year also resulted in over 30 million new products being properly attributed and shared with clients on our platform overnight.

Next, our survey offering, Verified Voices, is another attractive growth driver, as survey is a very large market that faces very real challenges, including rampant, fraudulent, and faulty data combined with slow, expensive service offerings. Numerator survey offerings benefit from both verified people and verified purchase data, which help to mitigate those challenges. Additionally, we've spent the past one and a half years ramping up our investment in our Verified Voices self-service platform to improve quality, speed, and user experience. And while our total survey revenue is up 18% year-over-year in the first half of 2026, our Verified Voices platform revenue has doubled year-over-year in the first half.

Finally, we are extending our offerings internationally and into adjacent verticals. Receipt Hog, our core receipt capture app, and Verified Voices launched in Germany in 2025 and have expanded to South Korea in 2026. In both Germany and South Korea, we were able to grow our monthly active users in our Receipt Hog app to over 35,000 within four months.

And just to step back, we launched our app in Germany in May of 2025. We achieved our target panelist count by September of 2025, and we'd signed our first customer contract in August of 2025. We're following a similar approach with South Korea this year. Our Verified Voices platform will launch there in October, and we do expect to generate revenue in South Korea this year.

In addition to those new markets, we also continue to see traction and upside in both the restaurant and financial services verticals in the US.

Now, we can move to the next slide, and I'll talk more about our Worldpanel initiatives. Thank you.

At Worldpanel, the current focus is commercial transformation and improving the operating model to drive both margin expansion and a better experience for our customers. The objective is to build a high-performing sales engine while making the operating models simpler and more scalable.

We've started by streamlining leadership and strengthening commercial ownership. We appointed a new president for Worldpanel, and we've upgraded our regional commercial leadership in the UK and in Latin America. The intent is clearer accountability for revenue, client relationships, and execution in the markets where management attention has the greatest impact. We've also completed a large scale back office integration onto Numerator Systems. More than 35 entities have been carved out from Kantar since we started this initiative early last year, and Worldpanel is now operating on Numerator's back office systems and standalone IT and hosting infrastructure.

Completing that work is an important foundation. It simplifies how the business operates, improves visibility into our standard KPIs across global markets, and allows management to concentrate fully on commercial execution and operating improvement. Now, regarding our commercial transformation, we are moving toward a more focused sales engine with clear role design, standardized systems, aligned incentives, and explicit renewal cadence, and accountable account ownership. This should improve both new business execution and the quality of retention over time.

In parallel, we are also addressing the cost base. Workforce reductions and the migration of appropriate work to our India Center of Excellence are lowering our operating costs and improving scalability. To date, we've migrated 400 roles from high cost locations to India, and we've removed another 400 roles resulting in over $36 million in net annualized savings that we will continue to fully realize over the next 12 months. Additionally, we are planning for another $10 million of net annualized savings tied to exits in the second half of this year.

Finally, we're modernizing our consumer panels and top markets and assessing client-facing platforms so that data quality and client experience support our commercial agenda. This includes launching our expanded consumer and grocery panel in the UK, which is growing 83% from 30,000 to 55,000 with enhanced retailer visibility in October of this year. We're rolling out our more modern My Worldpanel platform across most of LATAM by year-end. These actions are sequenced. New leadership and back office integration provide the foundation. Commercial execution, operating leverage, and panel modernization are the levers that support revenue stabilization and future margin expansion.

We can move to my last slide where I will share the quarterly results for the total Numerator business. Thank you.

This slide lays out our Q1, our Q2, and our first half revenue and adjusted EBITDA results. A key headline is Q2 showed a clear improvement in revenue and adjusted EBITDA compared to Q1. Revenue increased from $154 million in Q1 to $178 million in Q2. That's a $24 million quarter-over-quarter increase. Our recurring revenue increased by approximately $14 million quarter-over-quarter, and our non-recurring revenue increased by approximately $10 million quarter-over-quarter. For the first half, total revenue was 332 million. That is down one million or 0.4% year-over-year.

Again, as a quick note, if we were to normalize for the Worldpanel accounting adjustments that I mentioned earlier, our like-for-like year-over-year growth for the total business would be closer to 2% over this time period. Recurring revenue was 270 million. That's up four million, or 1.5%, while non-recurring revenue was 62 million, down five million, or 7.5%, for the first half. The results do show resilience of the recurring revenue base while also showing the impact of non-recurring revenue timing and commercial pressure in parts of the portfolio.

You can see our adjusted EBITDA improved from 50 million in Q1 to 69 million in Q2, and the adjusted EBITDA margin increased sequentially from 32.1% to 39%. On a first half basis, our adjusted EBITDA was 119 million, or 35.8% margin. Now, while Q2 momentum improved, we do remain clear that our first half adjusted EBITDA margin are below the prior year, and we're focused on improving that trend in the second half. The focus for the second half is to carry the Q2 revenue momentum forward to deliver the Numerator growth initiatives we just discussed, and to convert the Worldpanel commercial and cost actions into improved performance. The combined business has a resilient recurring base, a profitable Numerator growth engine, and a defined plan to improve Worldpanel execution and margins.

So next, I will pass the call to Lindsay.

Lindsay Smith:

Great. Thank you very much, Reagan.

Let's move to the next slide and I will cover a few details about the Kantar results, but before I do so, I just want to spend a few minutes on the key drivers that have shaped the first half of this year.

The operating environment in the first half was much as we anticipated when we last spoke in May. As every player in our industry has experienced, client marketing budgets remain under scrutiny. Decision cycles are extending, and clients are expecting AI-led innovation from their partners. What is clear from spending time with our clients from our largest global accounts to regional players is that underlying demand has not gone away. Now, more than ever, our clients need to understand their consumers and prove their marketing works at scale and with independent validated data.

What I'll do now is I'll just talk about the overall strategic direction of the business. Just as a reminder, Kantar delivers distinctive intelligence to power brand growth in the AI era. We're investing in real-time data integration and AI native analytics while preserving the human insight and trust that clients value in an increasingly algorithm-driven world. Our strategy brings together three connected capabilities. Signal intelligence provides an always-on view of consumers and markets. Decision intelligence turns insight into targeted action and more predictable marketing returns. Strategic intelligence combines expert advice with data to connect brand actions to enterprise value.

Each capability creates value independently. Together, they compound the value to our clients. This is driven by the four differentiators of the counter-intelligence engine, our trusted human and synthetic data, proven predictive IP, global expertise, and AI native delivery. Our data spans more than 170 million respondents across 60 plus markets. Our Consumer Twins, our digital representations built from longitudinal data provided by more than seven million real human panelists. This verified foundation enables synthetic boosting and imputation at scale, helping clients generate trusted AI-enabled insight faster and creating a distinctive platform for growth.

We are encoding proven IP, including MDS, BrandZ, Blueprint for brand growth, and LINK into scalable models that turn signals into faster, more consistent decisions for clients. MDS is a great example that provides clients with a common metric across signal, decision and strategic intelligence. Deep relationships between the world's leading brands and our global experts alongside new client wins and ecosystem partnerships supported our first half performance, particularly in the Americas as I will come onto. AI is central to both what we deliver and how we deliver it, not simply an efficiency tool.

We're growing revenue from AI native products, deploying agents into live client delivery with our Microsoft partnership, and integrating our intelligence directly into clients' AI environments. Together, these strengths are sharpening our commercial proposition and building momentum into the second half.

With that context, let's turn over to the next slide to look at the half-one results.

In half one, Kantar delivered revenue of 917 million, down 15 million, or 1.6%, year-on-year. Momentum improved through the first half with the year-on-year decline moderating to 4.8% in Q1 to 1.3% in Q2. This was a resilient result against continued economic uncertainty, cautious client spending, and rapid technological change. Growth was led by the Americas and Greater China. North America, our largest and highest margin market grew 7.3%, adding 15 million led by media, consulting, and creative. LATAM grew 10% driven by key wins and strong core client retention, particularly in Brazil and Argentina. Greater China grew by 3.4%, supported by recovering global client spend and new international wins.

EMEA was the principle headwind down 31 million or 7.7%. The UK and Ireland decline reflected delayed decisions following restructuring of three major clients, although the good news is that order intake has strengthened through Q2. Germany and France experienced a short-term disruption following internal organizational changes while conflict delayed client spending in the Middle East. APAC was down to 3% as growth in South Asia was offset by weaker performance in Korea, Japan, and Australia.

Adjusted EBITDA for Kantar increased 11.1% in half one to 138 million, with margin reaching 15.1%, which is 1.8 percentage points ahead of last year despite the top line pressure. This improvement in EBITDA reflects sustained cost discipline and a multi-year cost reduction program, including tighter hiring controls, targeted restructuring, the continued shift of roles to delivery hubs, and the early adoption of AI agents to improve delivery efficiency.

Now, we'll move on to the next slide, which is the final slide for Kantar to look at the revenue by solution. Thank you.

Across this, we'll see that growth in our highest value technology-enabled solutions has driven the increases in the first half while the decline is concentrated in the more discretionary and macro-sensitive areas of the portfolio where we already have turnaround plans underway. Importantly, the quality of our revenue continues to strengthen with 9% growth in marketplace revenue, sustained momentum in Brand, and a higher contribution from premium high margin solutions such as media.

Creative and media increased by 10 million, or 5%, year-on-year. This is high quality, high margin business, and the growth is being driven by a lift suite of media effectiveness products. Our new Kantar Live product has also sold strongly since its Q4 launch. Brand and customer experience, our core reoccurring solutions, was flat year-on-year. We saw growth in the core brand health product and the newer brand dynamics product has grown by more than 200% this year. Brand strategy and advisory grew 6%, strong half led by growth in our qualitative and advisory revenues and supported by strong post-launch sales of three newer products, Kantar Live, Converser, and BrandEvaluator.

On the areas of decline, the pressure is the more discretionary macro-sensitive lines. In most cases, the newer AI- enabled products within them are the green shoots. Innovation was down 16 million. Innovation is one of our most macro-sensitive solutions, and the decline was concentrated in the custom elements. But there is genuine momentum in our newer products, Kantar Live and Consumer Twins, both gaining real traction. Other solutions declined 16 million, impacted by weaker activity in the Middle East following the impact of the regional conflict, as well as a reduction in Profiles. Underlying market demand for our panels remains solid, but the shortfall reflects a reduction in panel capacity. We're increasing investment in panel acquisition and effectiveness to address this.

In summary, across every solution, the growth is coming from our newer AI-enabled and technology-led products. Brand dynamics, Lift AI, Kantar Live, Converser, and Consumer Twins. These are products repositioning the portfolio towards where the client demand is heading, which is faster, more efficient, higher margin delivery. AI is reshaping our market, and we are increasingly on the right side of that shift.

Looking ahead to the second half, our priorities are very clear. Scale AI-enabled offerings to meet growing client demand while improving the speed and efficiency of insight delivery. Drive commercial excellence through stronger pipeline conversion, higher win rates, and deeper cross-solution selling. Sustain productivity and cost discipline while focusing investment on the highest growth and highest return opportunities. Our portfolio is becoming more resilient and increasingly weighted towards higher value technology-enabled solutions. Based on the current outlook, we expect half two revenue to be broadly flat, resulting in a modest decline for the full year. With momentum improving and clear priorities for the second half, we remain confident in our ability to deliver a strong performance in half two. And on that note, I'll hand over to Michael.

Michael Uzielli:

Thank you, Lindsay. If we can just move quickly to the slide 16, please. This slide just brings together the Numerator and Kantar results into one consolidated picture. We can see here that total revenue declined by 1.3% to 1.249 billion. Although, as you've heard, we have seen a marked improvement in quarter two, returning to 0.2% growth. And there's been a strong performance on costs across the business, and both direct costs, which are 2.3% lower, and staff costs, which are the overwhelming bulk of our indirect costs, which are 2.5% lower, meant that we held EBITDA broadly flat for the first half, fully offsetting the slight decline in revenue. That means that total EBITDA margin was 20.6%, slightly higher than the prior year, 0.3 percentage points.

And actually, for the full year, based on the revenue guidance that you've heard from Lindsay and Reagan, and taking account of our expected cost trends, both the run rates and savings we'd expect, we do expect total EBITDA growth for the full year in the low-single digits, that would be in the mid-single digits for the second half. Recognizing that these numbers are a downgrade on the previous guidance, we are seeing an accelerating... It's really a delay in some ways, because we're seeing an accelerating momentum into the second half of the year, which we think sets us up well into 2027. I'll now hand over to Peter to talk about the balance sheet and cash flow.

Peter:

Thank you, Michael. If we can now turn two slides to slide 18, please. Thank you. This slide shows our covenant EBITDA and our leverage position at the half-year at June '26. Our last 12 months covenant adjusted EBITDA was $662 million, and this includes the run rate savings adjustment, which is now $25 million, and that relates to the Numerator integration savings. This adjustment is reducing as we recognize the actual savings in EBITDA. At June 2026, senior secured net leverage was 6.3 times. This was broadly in line with our expectations and consistent with the position at Q1. I'll now move on to the cash flow on slide 19. Move forward one slide, please. Thank you. For this quarter, we have updated the presentation of our cash and liquidity reporting.

You can see this is a new format for this quarter going forward. It's this tabular format. Starting at the top, the EBITDA contribution to cash flow was lower year-on-year, reflecting the sale of Kantar Media in

July last year. Moving down, next, working capital was 56 million better year-on-year at the half-year, this was partly driven by the Kantar Media disposal, with the balance reflecting the sustained 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. Lease costs were broadly unchanged year-on-year, whilst CapEx spend was $33 million lower, reflecting the impact of the Kantar Media disposal again, as well as lower spend in Numerator and Kantar.

Interest was also lower at the half-year, benefiting from the repayment of the junior bonds last July, but this was partly offset by higher interest rates. Note that approximately 80% of our debt is either fixed or capped, and the euro 2.25% caps are now in the money. The tax charge was 20 million lower in the first half, again, partly due to the sale of Kantar Media and partly due to the benefit of refunds received in the first half of 2026. Other costs were $11 million lower, mainly reflecting positive foreign exchange movements. Overall, cash flow before restructuring and M&A, although negative, which was expected, was $40 million better year-on-year. Total cash flow also remained negative, but was $178 million better year-on-year, primary due to significantly lower M&A-related cash costs compared with '25, which included Numerator earnout in 2025 and higher M&A fees a year ago. Now, moving on to slide 20, please.

Slide 20 summarizes our liquidity position. As discussed on previous calls, $110 million of our revolving credit facility matured in June of this year. This has been replaced with an additional RCF commitment of $120 million, ensuring that liquidity remains in a healthy position. We will continue to take actions to maintain that position, including further working capital improvements, the continued rollout of receivables factoring, and the reallocation of certain unused regional facilities to the group center. With that, I will now hand back to Michael, who will summarize the guidance outlook.

Michael Uzielli:

Thank you, Peter. I'll just conclude today's presentation, which is a little longer than in the past, but we are keen to cover both businesses and do full justification to that, with just a reiteration of our guidance for the full year. In all cases, we are expecting to see... We do need to move the slides on, two slides, please, onto guidance. In all cases, we're expecting to see a stronger performance in the second half than the first half, and we do believe that gives us momentum. We are seeing momentum already in the third quarter, and we expect this to carry us through the year and into 2027. As covered by Reagan and Lindsay on the revenue side, we're expecting for Numerator mid-single digit growth in H2, which obviously implies low-single digit growth for a full year. For Kantar, around breakeven revenue for H2, a slight uptick on the first half, implying a small decline for the full year.

From an EBITDA perspective, for the consolidated position, we're expecting mid-single digit growth in H2 after a flat H1. That would result in low-single digit growth for the full year. On the cash flow side, we've made good progress on operating cash flow this year. There's no change to the guidance that we've given previously, namely CapEx, around 135 million, quite a bit down on last year, leases around 60 million, and restructuring costs, as previously communicated, around 90 million, of which around 80% is severance and 20% is the final separation costs flown through on Numerator. That's for the year. Around two-thirds of that 90 has incurred in the first half, leaving one-third for the second half.

From a working capital perspective, we have seen a good improvement year-to-date, as Peter said, 56 million. Some of that's the Kantar Media sale, but a lot of it isn't. We're hoping to see a strong improvement in working capital this year for the full year. I'm not going to give a precise guidance for working capital, but we are expecting to continue to improve our working capital flows year-on-year as we focus on that, and also pull back some of the shortfalls that we saw in 2025 through the Worldpanel migration. That summarizes the presentation, and on that, I'd like to hand back to you, Jenny, to open it up for Q&A, please.

Operator:

Thank you. 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. If you have dialed in, please select star-nine to raise your hand and star-six to unmute. We ask that, in the interest of time, that you please limit yourself to one question and one related follow-up. We'll pause a moment to allow the queue to form. Our first question comes from Marco Sun with Amova AM. Please unmute your line and ask your question.

Marco Sun:

Hello. Can you hear me?

Michael Uzielli:

Yeah. Hi, Marco. We can hear you.

Marco Sun:

Oh, hi, hi. Sorry. My first question, well, the question is just around the XTEL disposal. What is the net cash proceeds from that disposal? If you could just provide some sort of range or quantum, it would be really helpful. Thanks.

Michael Uzielli:

Yeah. Do you know, Marco, I'm going to evade that question slightly. I'm not sure it's for me to disclose the net cash proceeds. The equity investment was actually carved out of the Kantar Banking Group back in 2022, it was held in an unrestricted subsidiary. If your question goes to what are the proceeds, and what's going to happen to the proceeds, and is any of it going to go to pay-down debt, the answer to that will be it won't because it's not within the banking group. It's actually directly owned by the shareholders, by WPP and Bain Capital. I actually don't have the full information on that right now, and I wouldn't want to give it publicly on this call, but it's not going to have any implications for the banking group, if that makes sense.

Marco Sun:

Okay. Thanks. Then just one follow-up. I mean, it's not really related to XTEL-

Michael Uzielli:

Sure.

Marco Sun:

... it's just on Kantar Media earnouts. Are there any earnouts tied to the Kantar Media disposal?

Michael Uzielli:

Yeah. There is an earnout. It's in the region of potentially up to around $50 million. It doesn't come in for a few years. It's a combination of EBITDA or potentially exit from the current owners to exit. I can't give any more details on that. But there is a possibility we would receive some value, but it won't be for two to three years.

Operator:

Thank you. As a reminder, if you would like to ask a question, please follow the link in the panel below to register. And once you have connected, please use the raise hand function at the bottom of your screen. We'll pause a moment to allow the queue to form. There are no further questions on the webinar. I will now hand... Apologies, we've just had a last-minute question come in. We have a question from Aman Mahal from PGIM. Please unmute your line and ask your question.

Aman Mahal:

Hey, guys.

Michael Uzielli:

Hey, Aman.

Aman Mahal:

Just on Numerator, I guess it's good to see the US business growing high-single digit. I guess the key here is the turnaround of that Worldpanel business back into growth. So I guess you ran through the various items there to both drive margin higher and, I guess, build the commercial momentum. Do you have a sense of how long it could take to see that business return to growth?

Michael Uzielli:

Reagan, I think this is very much one for you. Did you catch the question?

Regan Garrett:

Yes. The question's around Worldpanel and timeline to return to growth. I think just quick response. I know I indicated that our outlook for the second half of this year, we are expecting growth in the second half of this year for the Worldpanel business, and we do generally expect that to improve as we get through this period of disconnect between what we're reporting today and the way we reported in the past, if that makes sense. In the UK, for example, we are just now into a period in Q3 where we're comparing like-for-like numbers, new way of working in Q3 of last year versus Q3 of this year, right? in Q4, we'll be able to compare our LATAM business like-for-like. They were integrated. Rev rec changed in Q4 of last year versus Q4 of this year. And we do expect as we get through this period of just differences in reporting that we will see improved traction on top line growth.

Speaker 1:

And then that 9% growth in new-

Regan Garrett:

Does that answer your question?

Speaker 1:

Yeah, that's helpful. And on the US piece, I guess how much of that is gaining market share versus like flight growth from the existing customer base?

Regan Garrett:

Oh, I mean, I would say it's all of the above in North America. Positive growth with our existing clients, with our core Insights platform offering. Again, one of our biggest growth engines for the Numerator North America business is our survey offering. It's largely an upsell to existing clients as we expand into that much, much larger survey space.

Operator:

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

Alexander Corbishley:

Hi, thanks for the time today on this one. I just wanted to quickly follow up on the Worldpanel. I think when we spoke in Q1 around this revenue recognition, I think it was noted that there was some year-on-year growth when you adjust for that in Q1. And then just looking at the commentary for H1 saying that it's down even when you adjust for that. Can you just give me a little bit more color what drove then the impact really in Worldpanel in Q2 specifically why it looks like it did decline and drove that overall H1 under performance?

Michael Uzielli:

Reagan, I think another one for you.

Regan Garrett:

Yeah, I'm not exactly sure what was said for Q1. Let's see. Let's see, I've already addressed there were a few key drivers that impacted the revenue trends for Worldpanel in the first half of this year. One around the timing of our renewals and how we've changed the recognition of our recurring revenue to better align with both start dates and end dates and to align with contract signature dates. And I think we have seen much better recovery of that in the second quarter. For our non-recurring revenue, where I think we do still see a pretty significant year-over-year decrease after getting through the second quarter, we're seeing a greater impact of the change in the delay in recognition of our non-recurring revenue bookings, which do represent a much greater proportion of the Worldpanel overall revenue.

Alexander Corbishley:

And I think again, in Q1, you guys hopefully gave some numbers around that on the timing, the recognition, when that was expected to flow into Q2 and Q3, et cetera. Do you have any update on those numbers? Was there a bit more of a delay than probably what was previously guided?

Michael Uzielli:

Alexander, I'll go first and then Reagan can chip in. Reagan, I'll go first on that because I was the one who gave guidance. At Q1, what we said is we had $50 million of revenue, which was backed up at the end of Q1. I can put it that way. $40 million was recurring and $10 million was non-recurring. What we said was that mostly is going to be renewed and signed and will flow through later into the year. And it wasn't all going to flow through into Q2. I said it'd be Q2, quite a bit in Q2, probably most in Q2, but then it also, there'd be an impact of that flowing into Q3 and beyond. I didn't have precise numbers on that. I suspect we might be able to give an update, but I think, correct me if I'm wrong, Reagan, but I think a lot of that has indeed flown into Q2 and those contracts have been renewed and we've lost very little revenue.

But the underlying, there is also commercial pressures on some of the other business, which Reagan referred to. It's not an easy market internationally. But Reagan, do you want to add anything to that?

Regan Garrett:

No, I think it's fair. Again, we saw very nice improvement in recurring revenue for Worldpanel, which is what you just referenced, which means we did close out the vast majority of those renewals in Q2, which drove the larger increase in recurring revenue. I think where we're still seeing an ongoing lag, and we will continue to see the timing impact, is around our NRR, which was up in Q2, but not up as much as we may have expected. Again, it's a big change, a big change for the business and how we translate value of contract signed to actual revenue recognition.

Operator:

Thank you. Our next question comes from Simon Gruber with BTG Pactual. Please unmute your line and ask your question.

Simon Gruber:

Hi, good afternoon. Thank you for taking my question. First one is on the EBITDA margin of both businesses. You guided in previous presentation about 17% for Kantar and 40% for Numerator. We've seen the numbers today that you landed quite a bit below that for H1. Do you expect any catch-up in H2 or would the full year EBITDA margins fall below the 17% and 40% that were guided?

Michael Uzielli:

Thanks, Simon. I will ask Lindsay and Reagan to talk about their businesses. I think a general point I would make is that the margins are always going to be lower at the beginning of the year because the revenues are weighted towards the second half of the year. And given the operating leverage of the business, you will see a slightly lower margin given the cost base is reasonably fixed across the year. But I'm going to hand over to Lindsay first to talk about, I think the reference to the 17% margin was last year's margin. That was the reference point.

Lindsay Smith:

Yeah, absolutely right. As Michael said, our margins are higher in half two. That's what we've seen historically. In half one, we've reported 15%, as you will have seen earlier. That was 1.8 percentage points ahead of last year. Actually as good margin progress. And actually we do expect to see a higher margin just because we have much more revenue in half two, which drives a higher margin. We're still confident in the 17%, which is what we delivered last year. Reagan, anything to add on that one? Numerator?

Regan Garrett:

Oh, no, sorry. No, very similar trends. We also anticipate higher margins as we close out the second half with the growth that we're anticipating and still expect it to be in the 40s.

Simon Gruber:

Thank you very much. That's helpful. Second question I had was on the working capital. I remember hearing in one of your previous calls that there could be a positive impact from the end of the merger of Numerator and Worldpanel. Is that expected to materialize in Q3 or do you expect further working capital movements in the second half of the year?

Michael Uzielli:

I'll answer that because it's more of a sort of consolidated cashflow. I think, well, we are seeing improvements in working capital this year, as I said, with $56 million better than last year in terms of flow. I know that it's negative in absolute terms, the first half, but there is a seasonality to working capital. It actually varies slightly between the two businesses, but at a consolidated level, it's particularly strong in Q4. There's a combination of the higher revenues and also our factoring program, which brings in a lot of our revenue into Q4. I would look at that and say, yeah, we're $44 million negative year to date, but we're $56 million better than the last year. And therefore I don't want to forecast working capital because I find that tricky across quarter ends, but I expect that positive momentum to continue.

And in answer to your question, we are very much getting on top of the impact of the migration that inevitably slowed us down. When you move systems and move clients, et cetera, it does create some slowdown in billing and collections in the Numerator / Worldpanel migration. The separation is done, it's all up and running. It takes a little bit of time to ramp up and get it flowing normally, but we're seeing that in collection volumes in Numerator year-on-year are much up. I'm expecting this positive trend in working capital to continue. I don't know if it'll end up net positive for the year, but it'll certainly be a lot better than last year.

Operator:

Thank you. Thank you. Our last question comes from 6989, the number ending in. If you could please unmute yourself by pressing star six. Introduce yourself and ask your question.

Dennis:

Hi, can you hear me?

Michael Uzielli:

Yeah, we can hear you.

Dennis:

Hi, it's Dennis from [inaudible 00:47:58]. Just one question in the revenue recognition. I remember in the Q1 call you said that the revenue catch-up will occur throughout the year and by year-end kind of fully caught up. So looking at the numbers now, does it mean you still expect some revenue cognition adjustment to come through in 2027? So not fully converging by year-end, if I understood correctly.

Michael Uzielli:

Okay. First of all, I didn't quite catch your name, but I got the gist of the question. I think the question is for Reagan. And the question is, we've said that this revenue recognition point should essentially catch up itself by the end of the year. Or is it the case that it will still be an issue into '27? My guidance to the investors have been it will fully reconcile this year.

Regan Garrett:

Yep.

Michael Uzielli:

Is that correct?

Regan Garrett:

Yep. I would say the greatest impact, yes, will be normalized for by the end of this year. Again, because some of our markets went live and again, changed their policies and practices in Q1 of this year with a few changing in Q2 of this year, there might still be a lingering impact in '27, but not as material as what we've experienced in 2026. We won't be completely normalized when we compare, again, full year '26 to full year '25, but I do expect it to be largely normalized by the end of Q1 of 2027.

Michael Uzielli:

Thank you.

Operator:

Thank you. There are no further questions on the webinar. I will now hand over to Michael Uzielli for closing remarks.

Michael Uzielli:

Thanks very much, Nicola, for that. And thank you everybody for dialing in, in August and listening to our call. And thank you for your questions. Sorry, it's Jenny, not Nicola. Thank you, Jenny. And I will look forward to coming back and presenting the Q3 results later in the year. Thanks very much.