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TRANSCRIPT

KANTAR H1 2025 LENDER CALL

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COMPANY SPEAKERS

- **Michael Uzielli** *Kantar Group Chief Financial Officer*
- **Peter Russell** *Kantar Group Treasurer*

QUESTIONS FROM

- **Laura Homsy** *MFS – Analyst*
- **Francesca Turner** *Napier Park - Analyst*
- **David Walker** *Octagon Credit Investors – Analyst*
- **Martin Ermini** *Bain Capital - Analyst*

PRESENTATION

Operator

Good day, ladies and gentlemen, and welcome to Kantar H1 2025 lender call. If you would like to ask a question 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. If you have dialled in, please select *9 to raise your hand and *6 to unmute. Instructions will also follow at the time of Q& A. I would like to remind all participants that this call is being recorded. Questions will follow after the presentation. I'll now hand over to Michael Uzielli, Kantar Group CFO, to start the presentation.

Michael Uzielli – Kantar Group Chief Financial Officer

Thank you very much. Good afternoon, everybody, and thanks very much for dialling in. Usual format. I think we'll go straight to slide 6, please. I'll give the highlights and some performance-on-performance review and then I'll hand over to Peter to talk about balance sheet and cash flow, and then I'll come back at the end, talk about the outlook. So the highlights here on slide 6 is that Kantar continues to deliver a resilient performance through the first half of 2025. Saw gross revenue growth of a half a percent to 1.4 billion. Clearly that's lower than the quarter one growth, which was 1.4%. So we've seen a bit of a slowdown in Q2, which was broadly in line with the trends that we were seeing.

And the trends are that for the 75 to 80% of our business or more which is linked to recurring contracts and sort of longer-term revenues, we've seen continued growth, good renewal rates, and that's across both the Numerator business and also the Insights business.

But the 20 or so percent which is more non-recurring or one-off or advisory/discretionary in nature, we've definitely seen slower conversion. The pipeline looks all right, but it's the conversion of that work. And we believe that's a sign that clients continue to be cautious around their discretionary spend, but the more must-have data and the services that we provide continue to be resilient and perform well. So to that end, we see an improving business mix, higher growth from the Numerator syndicated revenues, which is now of course global. So both Numerator North America and what we used to call Worldpanel up 5%.

Within the Insights division, Kantar Marketplace, which is the tech-enabled platform that's selling our services, it started in creative and moved on to innovation solutions but now covers brand and media as well and is growing well and grew by 17%. And then Global Clients, which is around 25% of our revenues, about 30 of our biggest clients grew faster than average at 1.6%, assisted by a recovery in some of our major technology clients who, as you may recall, in prior years had a bit of a slowdown. That seems to have come back, which is positive.

Outside of technology, we see quite robust performance in some of our CPG clients, particularly in the areas of food and drink, some other parts of CPG less strong. Some of it's client-specific rather than sector specific. And also the auto sector has been a bit weaker for us, although it's not a big sector for us. From a profitability perspective, we continue to be very disciplined around our costs, focusing also on pricing and making sure that we capture the full inflation in our pricing. And that has enabled us to deliver EBITDA growth of 5% off revenue growth of half a percent. So strong operating leverage there. Quarter 2 EBITDA growth of 2.5%. And you'll see this in our staff costs, which are 1.5% or \$9 million lower for the first half of the year. Our headcount is around 3% lower. And those initiatives that we are progressing with and have been for some time just continue. It's tight operational management of costs, headcount. This year we've moved a bit more assertively with severance to make some more step change in our cost base, and that will continue for the rest of the year. And you're seeing the benefits of this business mix of the pricing and of the lower operating costs in our margin, which is increased by 0.9 percentage points to 19.8%.

Strategically continue to make progress on simplifying the businesses has obviously been a theme for Kantar since the acquisition by Bain Capital back in 2019. I would say we're approaching the end of that process. We completed the sale of Kantar Media to H.I.G. on the 1st of August. This was a deal that was announced on the 17th of January. Went through the usual approvals, which were received, and the sale has now completed. We have also used the proceeds to pay down debt, which Peter will talk about. We announced the sale of a much smaller business, unit, really, of Insights called Perfect Category, which operates in the sort of category management shelf, kind of product assortment space.

We've actually sold that business to Xtel, which is an associate of Kantar. That was announced on the 10th of August for approximately \$35 million. Again, I think a better strategic fit for Xtel than it is for Kantar. And then the integration

of Numerator, which is the combination of Worldpanel, 40-odd markets with the Numerator business in North America, continues well, and we are quite advanced now on the replatforming of the Worldpanel business onto the Numerator systems. That's Salesforce, NetSuite for finance, ADP for payroll. So we have completed the Worldpanel UK business, which is the biggest business, along with a couple of other smaller regions in 1st of July. And by the end of the year, we are targeting to have 95% of the Worldpanel revenue onto the Numerator platforms.

And finally, from liquidity point of view, we ended the quarter with \$480 million. Actually now our liquidity is more like \$660 million post receipt of the Kantar Media proceeds and the debt repayments I mentioned earlier of the Euro notes that we paid down and a portion of the Vista vendor loan note, which is ensured that our leverage remains broadly neutral at a total secured net debt level. And Peter will talk more about that later on.

So moving a bit more quickly now through the next slides, on slide 8, please. These are just the financial highlights, most of which I've touched on. Just to talk about CapEx briefly, you'll see an increase there in year-on-year CapEx. This is in line with our conscious decision to accelerate our investment in some of our platforms. Obviously, as I mentioned, Numerator, bring that together globally. We also have existing replatforming in a system called My Worldpanel globally, which is now rolled out in France, UK, and Spain, and is going global in the next 6 to 12 months. We are also developing new capabilities, particularly Verified Voices, which is the survey capability in North America, rolling that into Germany, launching the app, the Receipt Hog app, which has been very successful in North America in Germany. And then within Insights, we have an ongoing investment program into transforming the legacy technology, how we deliver our surveys and all sorts of associated services around that, which is in partnership with Microsoft, which I've talked about before. So that is explaining a little bit higher CapEx this year than in the prior year.

Moving on to slide 9, this is the breakdown of revenue at a high level. If we could go to slide 9, please. Thank you. So I'll talk more about Insights and Numerator in the coming slides. Just to touch on Profiles, flat performance, but this is actually a positive development because it has been quite a turbulent market, this one, in the last 2 or 3 years. The first half of last year, for example, Profiles revenues were actually down 3%. So to deliver 0% is an encouraging sign of stabilization. And within the revenues that we're seeking to develop, particularly the enterprise client revenues, external enterprise clients, so these are where clients want the data-only solution without any additional sort of advisory services. It's essentially like another solution for Insights, but just the data only. And those revenues, which are about 60% of the external revenues for Profiles, have actually been growing by 12%. The other types of revenues, just for information, are market research agencies, which we've been deprioritizing and also revenue through the exchanges, which is typically much lower margin and has been under the most strong pricing pressure. So strategically, we're focused on growing these enterprise clients and it's good to see that we are achieving that, and that has obviously an impact on the profitability of Profiles as well.

So moving on to slide 10, this is the Numerator slide covering the global performance, 5% growth, as I said earlier. The key points here are we are seeing growth in the high quality contract revenues. The bullet on the top left indicates the recurring contract revenues, which is, as I said indicates the recurring contract revenues, which is, as I

said, around 80% of the total, are up 7%; but the recurring are slightly less reliable; and non-recurring, sometimes called one-off revenues, are down 3%. So obviously, we'd rather see everything grow, but it's good to see the contract revenues growing faster than the average pace, which I think is a sign of the health of the business.

The business has very strong revenue visibility. We're around 85% secured for the full year, over 90% in North America. If you include renewals that we expect to make, then that increases to 88%. The growth has been a bit slower in the more mature European markets. You can see that in the UK and also in the EMEA box there within, say, France, et cetera. A bit slower there. Market dynamics and also the businesses, the Kantar business or the Numerator business, is extremely strong, with a very large market share in those markets. So that's inevitably going to limit the amount of organic growth if the market itself is not growing very strongly.

Conversely, in the emerging markets, there's a lot more organic growth, and we're seeing that in APAC and in LATAM. We're expanding the panels in Brazil, in Vietnam, in India, in Ethiopia. There's ongoing digitization, so less reliance on face-to-face collection of data, and more digital, which drives all kinds of benefits. In North America, the growth continues at double digits. The Total Commerce Panel has now reached the size of 200,000. That was with effect from April '25. That's a doubling in size in the last two years, and it continues to perform well. And the new avenue for growth for Numerator in the US has been the survey business, which is up around 20% year-on-year. There's a big market there, and Numerator still has a very small share of it. So I think good strategic progress. I mentioned the Germany app rollout, I mentioned the systems migration, the back-office integration, and the development of the panels as well. So that's the summary on Numerator.

Moving on to slide 11, just a couple of slides on the Insights business. First of all, by solution, and then by geography. I guess a point to make here on what is obviously a flat performance for Insights comes back to the resilience of the business, and also in this division of Kantar as well, very good visibility. So we're at around 80% secured for the year for what we expect to achieve. That's broadly in line with last year. We remain cautious, as I said. You can see on the chart there, what we have seen is a good growth, and actually strong recovery, particularly in the media solution, which is up 12%. This is a solution that's two-thirds focused in North America and was one of the solutions quite exposed to the major technology clients that I talked about. As those clients have recovered the revenues, generally the media has made a strong recovery. So it's good to see the momentum back in that solution area. Same with creative, which had some challenges a couple of years ago, and in innovation. Customer experiences is small as a revenue stream for us, around 8%. It's predominantly in EMEA. Predominantly that challenge has been in Germany with some specific auto clients.

The key point here, I think, is that the advisory box, you can see down 25%, down 10 million, advisory is actually only 4% of our total revenues, so we're not particularly exposed, but it is definitely challenged in the current market as clients are not committing to that discretionary spend right now, at least not all of them are and not in the levels that they were last year. And then within the brand box, actually there's around 9% of total revenues, so that's around 20% of that brand revenue is relating to strategy work. And the strategy work is down a bit too. If you were to

exclude the strategy revenue and the advisory revenue, you'd actually be showing a couple of percent growth in Insights for the first half of the year, and I'm confident that that work will come back as the external conditions improve. So overall, whilst we've obviously rather grown, we are encouraged to see that our core recurring solutions are continue to grow, and we're expecting to see that discretionary work come back in due course.

On slide 12, just to finish up on the business performance, looking at it by geography, again, there's an overlap here between the solutions and the geographies and that some solutions are more focused on certain geographies. The lower revenue in North America, which is really driving the Americas number, whilst we have seen recovery in the major technology companies, which is great and actually good strength, therefore, in creative and media, unfortunately it's been offset within North America by the challenges in advisory and brand strategy that I mentioned before. So overall, we're net slightly down in North America. Although, LATAM continues to grow well across pretty much every market. In Europe, we are seeing growth in certain territories, particularly Czech Republic, Italy, Netherlands, and across most of Middle East and Africa. We have seen some decline in a couple of the bigger markets, in the UK and Germany. We're seeing growth in EMEA generally in brand guidance, media innovation, but again, it's the advisory and the brand strategy that's causing the headwinds there. And in Asia-Pacific, the bigger markets there of India, Japan continuing to grow, but a certain amount of softness elsewhere is a specific client issue in Korea where we lost a contract, which impacts our performance there. We're recovering from that, innovation and brand particularly driving the growth there, as is innovation driving growth in China. China's a positive story. This time last year we were declining in China by 1%. We've now recovered to grow by 3%. Pretty much all of that growth is coming from local clients. The team have been very successful in pivoting the business over the last few years away from multinational clients to predominantly from local clients now, particularly in the auto, electric vehicle sector, technology, appliances, devices, and those sorts of sectors, to deliver 3% growth. This is actually the one territory where advisory has grown year-on-year, so a good performance in China.

So that's the business summary. I'll now hand it over to Peter to talk about balance sheets and cash flow.

Peter Russell – Kantar Group Treasurer

Thank you, Michael. If we can move to slide 14, please. So this slide shows our debt and leverage before and after the sale of Kantar Media and the subsequent debt repayments that Michael mentioned earlier. So pre-sale on the left and including Kantar Media, at the 30th of June, we'd total secured net debt at just under \$4.5 billion, and our total secured net leverage was 5.7 times.

The middle column shows the impact of the Kantar Media sale and the use of proceeds to repay debt. And in the last few days, we've repaid the outstanding revolver. We paid the 2027 euro notes in full and repaid around 75% of the Vista loan notes, leaving \$60 million of this note outstanding in order to manage our secured leverage. The resulting

total secured net leverage is 5.9 times. After the repayment of debt, the total secured net debt is reduced by over \$722 million to under \$3.8 billion, which will save us over \$60 million in interest per annum.

And finally, turning to the impact of FX on our leverage, the US dollar has weakened substantially in the last few months against key currencies such as the Euro and sterling. That has had a negative impact on the US dollar value of our net debt, as around 70% is denominated in Euros. We would expect positive offsetting impact on our EBITDA from a weaker dollar. However, with volatility in the dollar in recent months, we've seen that for several of our currency exposures, the dollar has actually strengthened, meaning that we have a net negative impact of around 0.2 times to our leverage from FX in the last 6 months. We believe this unusual, and we would expect this to even out over time.

So now moving on to slide 15, please. So we've added this in, which is a leverage walk, and it shows the key drivers in the change in total secured net leverage in the 6-month period to June '25. So at December '24, we reported total secured net leverage of 5.2 times, bridging the gap to 5.7 times at June '25, before the disposal of Kantar Media. We have a 0.1 times of benefits from the improvement in LTM EBITDA, offset by the FX impact I've just discussed of 0.2 times, as well as a 0.2 times impact from the payment of the Numerator earn-out, plus Media-related M&A fees, which were paid in advance of receiving the proceeds. And finally, factoring flows added around 0.1 times to leverage reflecting seasonal movements and cessation of Kantar Media factoring prior to sale.

So now moving on to slide 16, I'll discuss our cash and liquidity. So, again, as usual, this shows the key drivers of cash and liquidity of the senior lender group in the 6 months to June '25, and this includes the impact of the Kantar Media business. So as a reminder, as we use EBITDA instead of statutory operating profit as our starting point and in order to more closely reflect our operating performance, we make adjustments to the statutory cash flow in our financial statements, such as some minor perimeter adjustments, so this reflects the lender group, and the reallocation of some items from statutory working capital so that the working capital number here is primarily a trade-related number. The largest working capital adjustment is moving the Numerator earn-out payment in Q1 from statutory working capital to the M&A cost category on this slide. In summary, the operating cash flow for the quarter is negative, primarily because of negative working capital and the restructuring costs.

The negative working capital is mostly due to the lower factoring as discussed on the previous slide. The restructuring costs reflect our ongoing commitment to reduce overheads and invest in technology.

Other costs include lease payments of \$30 million and dividends paid to minority interests of \$8 million. And the M&A costs of \$169 million mostly relate to the Numerator earn-out with Media-related M&A fees.

Moving on to changes in financing, this includes the net impact of our refinancing in Q1 along with further revolver draws in Q2. The result is that we continue to maintain a healthy liquidity position with senior cash of \$198 million and unutilized facilities of \$282 million, given us total available liquidity of \$480m prior to the sale of Media. And as Michael has already mentioned, after the sale of Media and the repayment of debt, our liquidity position is now further enhanced to around \$660 million.

So with that, I'll now pass back to Michael.

Michael Uzielli – Kantar Group Chief Financial Officer

Thank you, Peter. If we could just go to the final slide, which is slide 18, please? Thank you.

So to summarize, trading conditions are most definitely challenging. We do see client caution. This hasn't really changed for some time, and there's uncertain macro on a number of fronts.

That said, we believe the business remains robust, particularly the higher-quality recurring contract. Revenue remains robust. That's across Numerator and Insights, as I said, and it's the softness is seen. Where it is being seen is on the non-recurring work and the conversion of pipeline and clients deferring or delaying projects in the current environment. We have seen an ongoing recovery from our major technology clients, which is they remains positive, and they remain big customers and growing customers of ours.

We've seen some signs of a cyclical slowdown, if you like, in some other sectors, some parts of CPG. But then it's sometimes quite, as I said, client-specific or Kantar-specific, rather than a sort of broad-ranging comment on a certain sector. But the recovery in our technology clients has been a positive thing.

We are maintaining very strict cost and headcount controls to manage that risk, continue to drive the operating leverage. We are absolutely planning the cost base for a continuation of the current trend. That's not to say we're not aiming higher in terms of revenue growth and putting in plans to drive sales. Of course, we're definitely doing that.

But what we're not doing is increasing the cost base in advance of seeing visibility over that revenue. So as I said, our secured revenue remains pretty strong, over 80% in line with last year, but Q4 is important in our business. And so we need to see how the rest of the year plays out.

Strategically and financially, we are continuing to invest in simplifying the group, particularly focusing now on reducing our costs, our central costs, our operating costs really across the company, in some parts through process efficiencies and other parts through technology transformation, which we're also investing in. And in some cases, we're accelerating spend that would've planned next year into this year, which explains why some of the numbers this year are higher.

So I talked about CapEx earlier. I would expect CapEx to be a bit higher than previously indicated, maybe in the \$175 to \$185 million range. It does depend on the pace of the technology transformation. So I wouldn't say this is a concrete forecast, but it's an indication of the direction of travel.

And then on the restructuring and transformation side, my current expectation would be for that to be around a \$100 million. Previously I'd indicated it would be more than \$60 million. The reasons are the same. We're accelerating decisions around cost savings relating to central functions, technology transformation, and the global integration of

Numerator. A lot of this is, in fact, pretty much all of this is acceleration of spend that was planned anyway in future years with bringing it forward to get the benefits sooner.

For a broad split of the \$100 million, I would say \$50 to \$60 million of that is relating to severance, which have very strong payback, generally less than a year, always some exceptions, but good return on investment there. And we would see the benefit in 2026, EBITDA mainly, just because of the timing of the exits.

\$20 to \$30 million, I would say, is around sort of the separation-slash-integration of the Numerator business, and we're creating two distinct operating entities. It's going to be enormously easier to derive benefits from that global group, for example, harmonizing back office functions, integrating systems as I've talked about. So there's a cost of doing that, but the payoff is extremely positive.

And then around \$10 to \$20 million of that restructuring spend is more in the consulting support space for the technology transformation, which we're obviously conducting in partnership with Microsoft with some external help. I wouldn't expect that to continue much beyond this year, that external support, that is. It was really to get the project up and running.

And that's very important because transitioning all of our data onto into the Microsoft environment enables so much in terms of operating efficiency, but also product development and AI-enabled products, which is obviously critical for future revenue growth.

So against the background of that slightly higher CapEx and restructuring spend, say higher than last year, where we very much focused on operating cashflow, well, sorry, on free cashflow, the operating cashflow for the business remains very strong, but we are investing a bit more to accelerate benefits.

Against that, though, we'll always ensure very strong liquidity. We do have very strong liquidity, as we mentioned, \$660 million. We're very disciplined in the investment spend. It's very well-controlled, and we're continuing the tight operational cash management around working capital and all those usual things in this uncertain macro, and that will always be a top priority.

So I will stop there and, Alice, I think we are ready to open up for questions.

QUESTIONS AND ANSWERS

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.

We'll take our first question from Laura Homsy at MFS. Please go ahead.

Laura Homsy - MFS Analyst

Hi, there. Can you hear me?

Michael Uzielli – Kantar Group Chief Financial Officer

Yeah. Hi, Laura. We can hear you.

Laura Homsy - MFS Analyst

Great. Can I just confirm the \$194 million of senior facilities that were repaid, were those all RCF drawings? And should I sort of assume that the RCF was drawn by \$194 million as at Q2 and is now no longer drawn?

Michael Uzielli – Kantar Group Chief Financial Officer

That's correct, yep.

Laura Homsy - MFS Analyst

Okay, great. And then can I just check on the leveraged calculation? Because you're showing just the net secured leverage of 5.9 times, including the other debt and liabilities, would that be 6.2 times? Am I right on that?

Michael Uzielli – Kantar Group Chief Financial Officer

I expect so.

Michael Uzielli – Kantar Group Chief Financial Officer

We're looking at page 14, yeah. Page 14 of the lender deck, yeah. Yeah, that sounds right. Well, you are talking about the 3974 debt.

Laura Homsy - MFS Analyst

Yeah, exactly. Yeah, exactly.

Michael Uzielli – Kantar Group Chief Financial Officer

Exactly. Well, it was 3974 over 636, so that would be the 6.2.

Laura Homsy - MFS Analyst

Okay. And then with regards, because you obviously mentioned or you showing the retranslation at average FX rates for the last 12-month period, is your debt actually hedged?

Peter Russell – Kantar Group Treasurer

Quick answer is no. From a leverage perspective. So as I mentioned, we've got 30% dollars, 70% euros, and roughly 30% of our EBITDA is dollars, and then 70% is other currencies. And over time, it generally works out in terms of sort of that leverage being roughly hedged.

But, of course, the dollar doesn't move in the same way across all currencies, and we've just seen some peculiar moves in the last three to four months with the sort of volatility around the US dollar. And no, we don't have any currency swaps to swap any of those euros into dollars, for example. We did look at it about four years ago, but it wasn't going to work from a post-tax perspective.

Laura Homsy - MFS Analyst

Understood. Okay. And then lastly, just on EBITDA, in terms of the Q2 EBITDA, could you provide the organic growth rate for that on a sort of constant currency basis and excluding Kantar Media sale.

Michael Uzielli – Kantar Group Chief Financial Officer

Yes, I think that was the 2.5% that I mentioned, wasn't it?

Laura Homsy - MFS Analyst

Oh, apologies, I missed that

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Michael Uzielli – Kantar Group Chief Financial Officer

Yeah, because all the numbers are excluding Kantar Media, so.

Laura Homsy - MFS Analyst

Great. That's very helpful. Thank you so much. That's all I had.

Michael Uzielli – Kantar Group Chief Financial Officer

Great. Thank you. Thanks a lot.

Operator

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.

We'll take our next question from Francesca Turner at Napier Park. Please go ahead.

Francesca Turner - Napier Park Analyst

Hello. Can you hear me?

Michael Uzielli – Kantar Group Chief Financial Officer

Hello. Hi, Francesca. Yes, we can.

Francesca Turner - Napier Park Analyst

Hi. Thanks for taking my question. Just one about the working capital, please. Could you confirm now how much factoring you have outstanding, and can you give us some indication of whether we should expect further outflows through H2 or are we expecting an inflow? expect further outflows through H2 or are we expecting an inflow in working capital? Thank you.

Peter Russell – Kantar Group Treasurer

Yeah. This is Peter. At the end of H1, it was a \$120 (1-2-0) million outstanding. Obviously with the sale of Media and some other sales last year, it dipped year-on-year in terms of just the sheer volumes. But we're still factoring as much as we can in terms of the available invoicing. We expect some of that seasonal flow to come back in Q3. It was just a bit of timing around invoicing at the end of Q2.

Michael Uzielli – Kantar Group Chief Financial Officer

Francesca, were you talking about will there be an inflow from factoring in the second half of the year, was that the question?

Francesca Turner - Napier Park Analyst

Just in working capital in general.

Michael Uzielli – Kantar Group Chief Financial Officer

Just generally. Yeah. So there'll definitely be an inflow, well, definitely, you never say things like that, but there's almost always an inflow from factoring in the second half of the year because Q4, and particularly December, is a very strong factoring month. So if you're talking about working capital generally, I would hope so. I certainly don't think the H1 working capital is going to be the same in H2. H2 is normally a stronger working capital half. So I would expect it to improve.

Whether it improves as much of an inflow, I try not to forecast working capital because it can be so volatile between months and things like that. But we did see less factoring in the first half of the year. And that was really a timing thing really, well, a couple of things. Last year we I think accelerated some invoicing into June from July, which we didn't do this year. So that's just come back in July. January '25, we saw more of an outflow because we had a record factoring in December. So if we can repeat the record factoring in December this year, then we'll get that back.

And then there is a \$15 million lower impact from selling Media, because we're not factoring Media, although we will try and replace that loss factoring, but we may not be able to. But for working capital as a whole, I would certainly expect to see a better performance in the second half of the year, but I don't want to put a precise number on it.

Francesca Turner - Napier Park Analyst

Okay, great. Thank you. And then just on tax, your tax paid is quite high. Is that going to stay the same post-Kantar Media sale?

Michael Uzielli – Kantar Group Chief Financial Officer

No, it should go down. It will go down. It was partly high, there's some M&A tax in there as well. I don't know if we have that precise detail to hand. Maybe you do, Peter. I'll talk about it in general terms and then we may have a number for you. But there's definitely some M&A related tax in there. And it will come down with Media going is the simple answer. We'll come back to you with a precise number on ... the M&A tax might be \$10 million or something, it's that order of magnitude.

Francesca Turner - Napier Park Analyst

Okay, great. Thank you very much.

Michael Uzielli – Kantar Group Chief Financial Officer

Thank you.

Operator

We'll take our next question from David Walker at Octagon Credit Investors. Please go ahead.

Hi David, please unmute yourself to ask your question.

David Walker - Octagon Credit Investors Analyst

I apologize. Are you able to hear me now?

Michael Uzielli – Kantar Group Chief Financial Officer

Yes, we can. Hi there.

David Walker - Octagon Credit Investors Analyst

Terrific. Hello. Thank you.

Michael Uzielli – Kantar Group Chief Financial Officer

Hello

David Walker - Octagon Credit Investors Analyst

Just to continue along the line of free cash. I presume the mergers and acquisitions column that appears on slide 16 is going to diminish a deal post the Media closing. But if you could elaborate on that, I'd appreciate it.

Michael Uzielli – Kantar Group Chief Financial Officer

Yeah, sure. Let me just turn 16 so I've got the exact number you're talking about. Yes. Okay. Well, yeah, so what that actually mainly is, is the pay down of the Numerator earn out. Most of that really. Is the pay down of ... You know we bought Numerator in June '21 and there was an earn out payment that matured in December '24 and then was paid in March '25. So the Media, there is actually also some Media costs in there, the M& A costs from Media. But the actual proceeds are all in August so you won't see those until the Q3 results. And it'll be a big green bar because there'll be a big inflow. But in answer to your question, that will come down a lot because we're not doing another Numerator earn out.

David Walker - Octagon Credit Investors Analyst

Terrific. I recognize your comments earlier on the unpredictability of working capital. But could you just give us a rough idea of what free cash will look like for the full calendar year '25? And any early indications of what we might expect in '26?

Michael Uzielli – Kantar Group Chief Financial Officer

I don't know that I want to do that, I'm afraid. We won't be free cash obviously positive this year. We were free cash positive last year, pre-M&A. This year we won't be because we're spending more on the severance and the one-offs and the CapEx that I mentioned. I've previously said I think working capital should be about \$50 million negative for the year. It might be a bit more this year because last year was quite positive. And as I learn more about this business as the years go by, I see a little bit of positive one year can become a little bit of negative next year and then positive the following year over the period ends. But it's not going to be way more. But I don't really want to add it all up because that also depends what the EBITDA is for the year and I don't want to forecast that either.

And then for 2026, I would expect it to improve because I would hope to see some EBITDA growth. There's less, well, there isn't a Numerator earn out for a start. And I would expect the severance payments and things to reduce over time as well. Like I said, we are disciplined in terms of looking at our liquidity as well, so that will limit our negative free cash flow.

David Walker - Octagon Credit Investors Analyst

That's helpful. And then turning to, I guess, strategic matters. Obviously at times there have been mentions in the press of a possible Numerator sale and other strategic outcomes. In the recent past you've had a peer, a rough peer, Nielsen Consumer, do an IPO. Would love to hear about any comments you might have on those issues.

Michael Uzielli – Kantar Group Chief Financial Officer

Yeah. So the comment is that I can't really have any comments on that. I don't have anything to say on that other than we have these two businesses now, we're obviously private equity owned, and would look to realize value and shareholders will look to realize value in the best way. We've sold some things, we've bought some things. So there's nothing to say about that. Although obviously it gets reported on.

In terms of NIQ. Yeah, it's a different business, it's operating in a similar ecosystem, I suppose, to Numerator in some ways, but I would consider two things. The margins of Numerator are much higher. And also the data ownership sits firmly with Numerator. Whereas that's not really the case in some of the retail RMS data. But they're also just different in other ways too. So yeah, that's what I would say about that.

David Walker - Octagon Credit Investors Analyst

Very good. Thank you for the help.

Michael Uzielli – Kantar Group Chief Financial Officer

Great, thanks, David.

Operator

As a final 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. I'll wait a moment to see if there are any further hands.

We'll take our next question from Martin Ermini at Bain Capital. Please go ahead.

Michael Uzielli – Kantar Group Chief Financial Officer

Hello, Martin. Different bit of Bain Capital.

Martin Ermini - Bain Capital Analyst

Could you help me bridge please the \$260 million of working cash outflow on the statements to the \$100 million on the cash flow on page 16.

Michael Uzielli – Kantar Group Chief Financial Officer

Yes, the big thing is the big things is, I know what you're referring to. The big item is the earn out because that's included in creditors. I think technically it was a bonus or something. But it gets reassigned to M&A in the waterfall. That's really the main thing.

Martin Ermini - Bain Capital Analyst

Is there anything else offsetting there?

Michael Uzielli – Kantar Group Chief Financial Officer

There must be because the difference is a bit ... I'll have to come back to you on that.

Martin Ermini - Bain Capital Analyst

I can follow up

Michael Uzielli – Kantar Group Chief Financial Officer

I suspect what it is, if I think about it, sometimes we try and do the waterfall on the cash flow, so that things like the one-off restructuring costs, there'll be a P&L charge, but we'll try and recognize the cash flow and then the rest will go through working capital. It by far is the Numerator earn out though. But we can come back to you with other items if you like.

Martin Ermini - Bain Capital Analyst

Okay, thank you very much.

Michael Uzielli – Kantar Group Chief Financial Officer

Thank you.

Operator

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

Michael Uzielli – Kantar Group Chief Financial Officer

Great, thank you, Alice. I just want to thank you all for dialing in and listening to our results. And we will be back in around three months to present our Q3 results. Thank you very much and have a good day.

Operator

Thank you for joining today's call. We are no longer live. Have a nice day.

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