Transcriber's name: Deborah R.

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Whilst every effort is made to ensure that the attached transcript is an accurate record of your taped conference call, sometimes difficulties are encountered in understanding technical words, people speaking with a foreign accent and in some cases when somebody is speaking from a crowded room with a lot of background noise and from mobile phones.

Where we have had difficulty understanding words we have indicated this as *[indiscernible],* or simply attempted to spell the word phonetically but follow it with [ph].

Additionally, please note, whilst we try to be as accurate as possible when inserting the names of speakers we would suggest that they are checked.

START OF RECORDING

Attendance List:	Ian Griffiths – CFO and Deputy CEO Peter Russell – Group Treasurer
Title of Meeting:	Kantar Q2 2020 Lender Call
Hosted By:	Ed Gemmell

Coordinator

Hello, everyone, and welcome to the Kantar H1 2020 Conference Call. During this presentation, your lines will remain on listen-only. [Operator instructions]. I would like to advise all parties this conference is being recorded for replay purposes.

Now, I'd like to hand you over to your host for today, Ian Griffiths. Please go ahead, Ian.

Ian

Thanks, Sarah. Good morning or afternoon, wherever you're dialling in from. Welcome to Kantar's 2020 H1 Results Call. I will just flick on past the usual disclaimer.

On the call today you have myself, as Sarah said, I'm Ian Griffiths, I'm Kantar's CFO and Deputy CEO; and my colleague, Peter Russell, who's our Group Treasurer. You'll hear more from Peter later. So if we just move on.

The agenda for today's call, I'm going to spend some time on the key messages. Then Peter will do a brief update on the overall transaction. I'll then run through the Q2 and H1 numbers, before a brief update on current trading. Hopefully, that leaves us plenty of time for some questions. If we then move on, and again.

As we discussed on our last call, we actually started 2020 well. By the end of February we were ahead of our plan. We had growth in most parts of the business, especially Insights, Media, and Worldpanel, which are our biggest divisions of businesses. In North America, we'd returned to growth; in LATAM we continued to grow strongly.

However in March it was clear that COVID-19 was turning into a global pandemic which would likely have material impacts on both businesses and individuals. It was, therefore, crucial that we reacted quickly, taking decisive action to preserve our costs and manage our cash carefully. We came up with a new baseline plan for the year, and focused our resources onto three areas: revenue visibility to get as clear view as possible on how we were trading; costs, to do whatever we could to manage them short-term; and then working capital, implementing strict new rules on payments and collections to help us manage liquidity.

As a result of these actions, we've saved $190 million of costs in the year and delivered $356 million of working capital improvements. Now, not all of these benefits are permanent, and we'll give you details on that later, but there are $60 million of run-rate savings that will help 2021, which is part of the $130 million of savings we've already identified for next year. The planning we continue to do to transform the business gives us the confidence to confirm that in total we'll deliver savings ahead of our original financing plan.

These actions, and the fact that trading across Q2, whilst difficult, was actually better than we expected, have all contributed to a healthy liquidity position, with $940 million of available funds at the end of July. This has meant we've been able to continue investing in the business, both in our growth areas, and new products, and platforms such as APG, Marketplace, Worldpanel, and cross-media [indiscernible - 65:39], and we continue to invest in our core business, in particular, our technology infrastructure.

I'll take you through the numbers in a minute, but I'll now hand over to Peter to give you an update on the overall transaction. Peter?

Peter — Thank you, Ian. Starting with the transaction update, the fourth close completed at the end of June to increase the ownership to 99.5% as a percentage of 2018 EBITDA. The final 0.5% is expected to close sometime in Q3 2020. As a reminder, the numbers presented today are presented on a pro forma basis, assuming 100% of the acquisition had completed.

Moving on to the carve-out, I'm pleased to report that our TSAs at WPP continue to function as expected and we continue to build our standalone organisation, with costs not materially deviating from the underwriting plan.

I will now pass back to Ian, who will discuss the half-year financial results.

Ian — Thanks, Peter. Looking at the numbers on the next slide, these are the highlights, but beneath these summary numbers there are lots of moving bits. Firstly, as you'll see when we go through the revenues, COVID-19 has really impacted our custom and project businesses, Insights, Profile, Consulting and Public. However, our more syndicated contracted businesses have been much more resilient, with audience measurement being robust and Worldpanel growing in the first half.

Secondly, because of the quick work we did on costs, it's clear in the results, revenues were down $224 million, but EBITDA was only off $31 million. We've taken decisive actions to mitigate the impact that COVID-19 had on our topline. This cost focus and strong working capital result has, as I said, given us the confidence to continue to invest in technology and new products for future growth, which is a strong place for us to be in.

Looking at the revenues in more detail—if we can just move on—just quickly, you can see that we started the year okay, as I said. All of that decline in Q1 came through in March just as COVID was starting to hit, but we've seen a 20% drop across the group in Q2. Those two numbers together give us a 12% decline that was on the previous page. We'll now go through the Q2 performance in a bit more detail, but I would say bearing in mind that what we delivered across Q2 was much better than we expected when we put our revised baseline plan together.

Looking at the quarter in detail by division, I think it's clear from the chart what I said earlier, that the custom businesses had a difficult quarter, but our syndicated assets were much more resilient. Insights is mainly project-based and accounts for over $150 million of the $200 million drop in revenues. Within this, we're still seeing growth in our analytics business, and grandstand [ph] has been better than we expected, primarily because HBG, our new, more automated offer, has offered something different to our clients. But it's definitely been a difficult period.

However as we'll discuss later, the underlying revenue trends are starting to improve. We've seen our clients manage any discretionary spend carefully, and of course doing face-to-face or anything on-premises has been difficult. But some work has moved to more automated solutions, and some of our interviewing has moved to CATI or CAPI, i.e., telephone or video, as a way of collecting data as opposed to face-to-face. The teams have been very flexible, they've been very innovative in meeting client needs, but it's very clear that our clients are managing their spend carefully.

One other thing to point out is that clients' response to this environment has not been uniform across categories. Health is probably the only exception, where all customers have continued to spend pretty much in line with their original expectations.

When we look at our top ten clients in terms of the top ten growers in the year, we have a leisure, an automotive company, and a media company, all of which are in sectors that if you took a step back you'd think would be having a really tough time, but they're actually spending more with us. The reason for that is sometimes it's because we're helping them plan for recovery, sometimes it's because we're helping them understand how behaviour is changing, and sometimes it's just their increasing need for data and insights that they trust. That's why they come to Kantar, it's why our audience measurement business has been so resilient and why we see growth across health and Worldpanel because anything that helps explain consumer behaviour in these uncertain times is increasingly valued.

If we just move on, looking at the same data for Q2 by region it's clear that COVID-19 has had a global impact. North America and LATAM are not down as much in Q2 as others because the COVID impact came through later in those areas. Africa and Middle East is the region with the highest proportion of face-to-face work, so, therefore, have seen the biggest impact. Whereas by division the impacts are clearly different between custom and syndicated, by region it's clear that all areas have been impacted by the global pandemic.

If we move on, we're just going to do the same charts quite quickly just looking at revenue by division and region for the full six months. Whilst we talk a lot of the impact of COVID and the downside, it's worth noting that we delivered 6% growth in health, where our specialist research is valued and trusted, and we have 2% growth in Worldpanel, which is still providing really good insights into consumer shopper behaviour.

Now, clearly that growth is not enough to offset the tough trading that we've seen in Insights and our other custom businesses, but these are good performances in difficult times and we shouldn't ignore them.

Then if we look at the impact by region, on the following slide, North America benefits from having a strong health performance, and as I've said, a later impact from COVID. LATAM has a higher proportion of syndicated revenue, particularly audience measurement within this business, which explains where those variances are and what they are. But in the round, as you can see, it's been a challenging six months, and in particular a challenging Q2.

If we pull it all together, which is what's on the following slide, you can see the 12% revenue climb [ph] on the top line there. Also, you can clearly see the impact of the actions we've taken on costs, on their coming through in our P&L, in particular on staff costs, which are $50 million better than last year, and G&A, which is $29 million better. Because of the actions taken in particular in managing our headcount tightly, we have over 1,000 less heads than we started the year with, and of course we won't replace all of these. In G&A, you can see the benefit of less travel, reduced office costs, and those are just ourselves being tight on any of our discretionary spend.

At a gross margin level, we've delivered a 2% improvement in margin. This is partly a mix of revenue, i.e., less face-to-face, and slightly more from efficient delivery methods, and our higher margin syndicated businesses. Also, we're seeing some early benefits from our new procurement team, which should help deliver sustained savings in this area.

It's interesting to note that despite a 20% drop in revenue, we've made more EBITDA in Q2 because of these cost actions than we actually delivered in Q1, overall delivering $168 million of profit, at just over a 10% margin, which is pretty similar to last year, which, given the environment we've been trading in is a good result.

I'll now hand back to Peter to take you through what we've done on working capital and liquidity.

Peter

Thank you, Ian. Starting with working capital, our continued focus on working capital is reflected in the $356 improvement in total working capital year-on-year at June. This reflects ongoing process improvements, including the swift action from management in response to COVID-19, as well as the impact of the overall reduction in trading performance, some of which will reverse over time.

Now looking at the individual components, the net deficit improvement of $187 million was driven by a focus on collections, with overdue debtors continuing to reduce year-on-year. The accrued revenue improvement of $111 million was due to a mix of improved billing procedures, as well as lower revenues. Finally, trade credit has improved by $58 million as we continue to improve our payment practices.

Moving on to capital expenditure. We saw an overall increase of $4 million as we continued to invest in our growth platforms such as Worldpanel and Insights.

I'll now talk about our net debt and leverage. In terms of leverage, our senior secured net debt as a multiple of pro forma adjusted EBITDA was 3.1 times at June 2020. This is also in line with our covenants calculation.

Turning to our cash. The balance at June of $765 million reflects the impact of the third deferred completion at the end of June, and also the revolver withdrawal that we discussed in the last quarter results. The pro forma adjusted cash balance of $716 million reflects the cost of acquiring the final entities net of cash to be acquired on the balance sheets. Finally, total pro forma liquidity is $952 million, including the financing net of cash required for the deferred acquisitions, and the additional debt we issued in July of €155 million. I'll now move on to discuss the liquidity in a bit more detail.

Please note that this liquidity waterfall was on a pro forma basis for the full acquisition and the additional debt issued in July. Starting at the left of the slide and focusing on the business performance, we've seen a net working capital inflow of $297 million in the six months to June, driven by the significant focus that we've given to this since the close in December along with a positive EBITDA contribution to cash flow of $163 million.

Out of these inflows, we've serviced interest of $94 million, leases of $34 million, and tax and capital expenditure of $63 million. At the same time, we've paid a further $251 million to finance the deferred parts of the acquisition and $69 million on restructuring and other non-recurring costs. Finally, our cash position benefitted by $254 million from the revolver draw net of debt repayments relating to the deferred acquisitions.

For the final deferred acquisitions, as I've already mentioned, our cash position at June is $716 million. Now, after adding on undrawn committed facilities mostly related to the undrawn portion of the revolver after taking account of the debt issuance in July, our total pro forma liquidity is around $915 million.

I will now pass back to Ian, who will provide a trading update.

Ian

Thanks, Peter. Just a brief update on current trading before we get into questions. But before I do that, I just thought I'd remind you of the framework in which we're operating at the moment.

We put this framework in place as part of our COVID-19 planning, and it remains in place today. Our first priority was around safeguarding our people. It was keeping them safe and protected, providing the tools and support to allow them to continue to deliver for our clients. As I've said in previous calls, the way that Kantar as an organisation and everyone in it has responded to COVID at the lockdown and new ways of working has actually been amazing to be part of.

Priority two was help our clients flourish, and was recognising their needs and challenges, understanding what they really value, helping them understand how the world's changing, and also helping them plan for recovery, which is why our analytics business has been so strong over this period.

We talked in the previous call about all the things we've done for our clients during these uncertain times, increasing our engagement, holding more webinars—of which over 100,000 people attended from over 70 countries—and developing new products, such as the COVID-19 barometer, which was set up to explain behaviour, attitudes, and expectations in over 60 countries. We've just announced something new, called Project New Shop [ph], which is a new approach to measuring effectiveness of advertising across platforms, taking data direct from publishers and platforms, moving away from reliance on cookies. Underpinning this is our profiles panel, with over 100 million-plus global consumers. This panel is privacy-compliant and permission-based. This will take time to roll out, which shows that even in these difficult times we can continue to innovate to support our clients as their needs change.

Finally our third priority, which we've talked a lot about on this call, is about the actions we've taken to protect costs and manage cash.

If we move on, just to show you something that I mentioned at the start to the next slide, whilst trading through Q2 has undoubtedly been difficult, there are some reasons to start to feel a bit more optimistic. When we put our plan together for the year we expected a difficult Q2, and that's certainly what we got, but we didn't go down as far as we expected. Having said that, we also thought there may be a more V-shaped recovery. However, it does look there is some recovery, and you can see it here in the chart in terms of an improved trend in trading from June to July, but it may not be as quick a bounce-back as people expected.

We haven't gone down as far, but we're possibly not going to recover as quickly. There are definitely signs to be optimistic, in that it does seem now for a couple of months that the rate of decline is starting to slow and consistently improve. Whilst Q3 will still be down, we're very confident it will better than Q2. We can see that now coming through in our order book for August and September, not least in which we're continuing to see a strong performance in Health, in Media, and our Worldpanel business.

If we move on, alongside this improving revenue trend all of our divisions have relatively more revenue secured than we had at this time last year. Our Worldpanel business has over 85% of its target revenue secured, and Media has over 90% of its full-year targeted revenue secured. Whilst the overall order book is down 7.5%, it does feel like the momentum is starting to improve.

This improving trend, as well as the fact that we've delivered our COVID savings of $190 million for 2020 and have plans for $126 million of savings to help 2021, plus our strong liquidity position, puts the business in a good position to weather the short-term uncertainty and then benefit from the recovery when it comes.

That's all I wanted to say. I'm now happy to take any questions you may have.

Coordinator: Thank you. [Operator instructions]. Okay, you do have some questions coming in. Your first question comes from Christian Malone [ph]. Please go ahead. You're live in the call.

Christian: Great, thank you. Good afternoon, everyone. A couple of quick questions. Just on working capital, you've done a really good job. It's been well-noted, and I think all the investors are quite happy with that. But could you just outline what you think might be permanent of the gains that you've gotten in the last two quarters so far, and what may be a temporary COVID impact?

Then secondly, if you could just address what the criteria are that you're using for keeping such a high cash balance, and when we might expect that to be normalised by paying down the revolver? Thanks.

Ian: I'll do the working capital one.

Peter: That's fine, yes.

Ian: And you do the cash balance. Just on the working capital—thank you, Christian, for your comment there, because I do think this team has done a fantastic job of delivering that. Yes, as you know, this is well ahead of what was in the financing documentation. I do think some of this will unwind. There's a little bit of government money in there, some of the $50 million of it is government money, which we will pay back some of that in H2, and some of that in Q1 next year.

I do think as the business returns to growth we'll see a little bit of an unwind, but I'm very confident that our working capital will stay well ahead of what was in the original financing documents, not least of which, I can still see scope for further improvement both in terms of how we manage payments, but importantly, just much more in our control getting money from our customers, because I think there's a lot more we can do around managing our payment profile with our customers, which I think is an opportunity we've yet to fully exploit.

We've done a good job. I think there's more to do, and we'll be well ahead of our plan. Peter, do you want to talk about the normalisation cap balance?

Peter: Yes, thank you, Ian. In terms of cash, clearly, under normal circumstances we would operate with significantly less cash on the balance sheet and would not have the revolver drawn. You've seen from the small debt issuance in July, we've partly paid the revolver. What I want to do [ph] is monitor the results and the cash flows through the final acquisition in Q3, and then come to a decision probably towards the end of the quarter as to whether we want to repay any more of the revolver.

For the moment, it's just a watching brief on the cash position. We feel very comfortable, but clearly as we start to come out hopefully off COVID-19 in terms of the impact on the business, it's a case of watching the cash flow. Certainly, over time I'd expect that number to reduce significantly and be more efficient in terms of the use of the balance sheet.

Christian — Got it. Given the last of the acquisition has gone through, is there a normalised cash balance? Does that make sense in COVID times for what you would think a normalised cash balance should be in terms of what you should hold?

Peter — Yes. I'd say, and I think we discussed this last time, somewhere, if you're looking at the whole group, if we were working effectively and efficiently in post-COVID, I'd like to see that cash balance down towards the $250 million level. Clearly, we're a global business, we're spread around, there's always cash that's in the system to manage the flows, but that's where I'd like to get to over time.

Christian — Okay. All right, thanks for your answers. Appreciate it.

Coordinator — Okay, and your next question comes from the line of Savi Tashdu [ph]. Please go ahead. You are live in the call.

Savi — Hi. Just on your working capital, please, can you help me to understand, if I look at your balance sheet and compare the 2019 versus the Q2, your improvement is much lower than what it is if I look at the cash flow. I think on the balance sheet receivables went down by 200-odd, but you are showing an improvement quite dramatic in the cash flow. Can you help me to understand the difference between the balance sheet and the cash flow number, please? That's my first question.

Second question is on leverage. If I do H1 [ph] multiply by EBITDA, your leverage would probably end up close to seven times or eight times end of this year. Any thoughts from the management or from the sponsors regarding your comfort level on leverage? It will be useful to know.

Third, I have a very, very admin question probably. On your business, excluding the Insights segment, the thing you see about syndicated, how much is actually a transactional revenue and how much is pure, let's say recurring revenue base? Thank you.

Ian I'll answer the last one, and just give you a bit of an overview on liquidity, and then Peter can maybe pick up anything specific on leverage and give him some time to work out the balance sheet one, because I suspect that's probably something we might need to come back to you on, but anyway.

Just on the liquidity side of things, just answering your middle question, because apologies, I've actually just completely lost what your last question was. What was your last question?

Savi It was on the business excluding Insights, how much is recurring and how much is transactional?

Ian Yes, yes. Sorry. I couldn't read my own writing. I'll start with that. The syndicated revenues are roughly 40% of our total revenues. So as a total, total group revenues is 40%. That's mainly Worldpanel and mainly in Media. It varies by type of activity, so a lot of our Media revenues, in particular, audience measurement, are on multi-year contracts, often five, even seven years in term. That's a really good underpin for our overarching revenues, which is good.

Slightly different in Worldpanel; the contracts are shorter in term, more annual to two-year, but they are a nice underpin to the more project-based custom business that is predominantly what Insights and our consulting and profiles are. There's a good mix in the portfolio there. Hopefully, that helps.

I think the syndicated businesses are also generally high margin as well in terms of profit and cash flows—

Savi Right.

Ian —because there's more revenue and cash action [ph], which is good.

In terms of how management are looking at the balance sheet, yes, we look at leverage, but liquidity is, for us, the most important because liquidity gives us the confidence to continue to invest. I think it's very important that we have healthy liquidity because that gives us the confidence to carry on delivering against all the things we want to do with the business to make it a stronger, fitter business.

Hopefully, today's call has been reassuring that even in these uncertain times, because of the helpful liquidity position, we are continuing to push ahead with our plans and turn Kantar into—it's already a good business, let's turn it into a great business and make it really strong and really locked-in and trusted by our clients. So keeping moving ahead, because we have the headwind to do that, is really good.

	Peter, do you want to answer the specific points on the leverage number, and—sorry?
Peter	Yes. First, just to answer the first question back in terms of leverage, are you referring to total leverage or senior secured leverage?
Savi	Total leverage. I know you guys are quoting the EBITDA number, but if I'm just simply doing H1 EBITDA in Q2, I get a much higher number obviously there. I'm just trying to understand December 2020, where would you stand?
Peter	Okay. Yes, we do monitor and clearly the fall-off in the business in Q2, that's going to impact us in terms of LTM EBITDA. But in conclusion, we are happy with the position in the current circumstances. We feel we'll be comfortably below our covenant level over the next few months, so we have no issues there, and [indiscernible - 90:54] around the liquidity, we feel we're in a very strong position there. Clearly, there's been pressure on leverage, but we're feeling relatively comfortable that we can manage through, especially as the business starts to recover.
Ian	Peter, the other thing I would say—sorry, Peter, just a [overlapping voices - 91:13].
Peter	Yes, sure.
Ian	It's not fantastically accurate just to take H1 and double it to get to a pro forma number because our trading is, I wouldn't say significantly weighted, but we do always have an uptick in Q4 in terms of revenue and profitability. That would mean that yes, we would expect to see that coming through in this year as well.
Peter	Right. Okay. In terms of your question of working capital, which I think I understand it, I think you're looking at the financial statements, the GAAP statements which are based on the acquired business to date. The liquidity slide that we show is on a pro forma for 100%, as if we'd acquired 100% of the group, so there was a bit of a disconnect there.
Savi	Right, okay. Thank you, guys. Thanks a lot.
Coordinator	Thank you. Your next question comes from the line of Rayan Borgol [ph]. Please go ahead. You are live in the call.
Rayan	Thank you. I have two questions, if you don't mind. We can do them one by one. The first is about cost savings. I'm trying to understand, of the original $110 million of cost savings identified in the business,

in Q1 we saw that number go down to $97 million, and the adjustments made to EBITDA. Now, it's $126 million because of new cost savings identified. Could you give us a breakdown of this $126 million? How much of it is new synergies identified, and how much of the $97 million in Q1 was actually realised during the quarter?

Ian I didn't recognise your first number. Did you say $210 million or $110 million?

Rayan The original amount was $110 million, if I am not mistaken. That was brought down to $97 million in the Q1 report.

Ian I'm sorry. I don't recognise the $110 million, but I do recognise the $97 million, and I do recognise the $126 million. The $97 million is included in the $126 million. Both of these numbers are run-rate savings for 2021. When we do a pro forma LTM, we are adding those savings into the current level of profitability.

If we look at what's in the $126 million, there's $60 million coming from the actions we've taken this year or are taking this year because they're not in this year's numbers, so it's incremental to this year's profit which we are delivering through the exercise we went through in our COVID planning, which is mainly going to be headcount. As I mentioned, we're 1,000 heads less than we started the year with, so that's a large part of that.

There's $34 million coming through in terms of efficiencies in how we deliver to our clients. Some of that's from automation; some of that's from new ways of working. There are $24 million, which we've already identified as capacity adjustments reflecting the fact that some of areas of our business have been hit quite hard, and therefore, we're taking costs out accordingly. Then the balance is coming from procurement benefits, which we expect to realise in the following year. That's what's in the $126 million.

I think in the original financing docs we were talking about $210 million of savings to be locked over three years. I think that the work we're doing looking at our cost base, understanding how we want to run the business going forward, our total savings will run nicely ahead of that number because [overlapping voices - 95:24] better.

Rayan Thank you. So, from $97 million to $126 million, the $29 million of difference are new cost savings?

Ian They're new ones we have plans for, which we have signoff for, and which we know we can execute, yes.

Rayan	Thank you. The second question I had was about seasonality in the business at EBITDA level. I'm just asking the question because when I look at the LTM EBITDA before any adjustments of $499 million as of June and then comparing that to the H1 2020 pro forma EBITDA of $168 million that you have in the report, I'm trying to actually understand as well if H2 tends to be higher EBITDA for the business, or is seasonality pretty spread out for the business all year?
Ian	H2 normally—and I don't see why this year would be any different—has a higher EBITDA than H1.
Rayan	Can you give me a percentage-wise over the year how much would H2 usually represent?
Ian	You want me to give you a property forecast for the year?
Rayan	No, no, just like is it [indiscernible – 96:40] instead of 50%, or more like 70%? I'm just trying to eye-level.
Ian	I will have to get back to you on that because I don't want to mislead you because I can't find the exact number. It's not 70/30, put it that way.
Rayan	Okay, thank you. Final question, and sorry if I missed it, you mentioned the Media performance for Q2 2020. I just wanted to be reminded what was its performance because I couldn't see it on the report. That's all.
Ian	The Media performance?
Rayan	Yes.
Ian	For Q2, or for the first half?
Rayan	For Q2.
Ian	It is on the slide. The detailed numbers are in the appendix. It is on the slide—sorry, I'm just trying to find the slide—slide 11, where Media was down $10 million in the quarter, but within that our audience business was robust, and that's good. It's the non-audience measurement part of the Media business which were having a tougher time.
Rayan	Thank you.
Coordinator	Your next question comes from the line of Navid Rupta [ph]. Please go ahead. You're live in the call.

Navid Hi, Ian, just a couple of follow-up questions really for me. In terms of the cost savings, thank you for the details you've provided, but in terms of the $97 million that was pro forma'd in Q1, how much of that have you actually actioned in terms of run-rate savings now?

Second question I had actually was on the Media. I was trying to understand what proportion of that Media business is non-audience-related, and maybe if you can give us a bit more colour on the areas that have been more adversely impacted to cause the negative decline?

Then thirdly just on the cash position, are you able to give a cash position in the business that you currently have?

Ian Sorry, cash position for which business, for the whole business?

Navid Yes, as of yesterday what was the cash balance in the business?

Ian I don't have the figures of yesterday. The figure at the end of July was $940 million. I think Peter walked you through the $950 million of available liquidity, available facilities to the end of June and I mentioned a figure of $940 million, that takes you to the end of July. I don't have the figure for today, unless Peter has it.

Navid Okay, thank you.

Ian Of the cost savings, just for clarity, none of the benefit of the actions we've taken is reflected in the first-half numbers. These are all things that will be incremental to this year's profit. Have we done them? We have started to realise them, yes—sorry, started to action them, so they're all in-train. So our degree of confidence on being able to deliver them in $26 million is incredibly high because we have firm plans, and the teams are executing against them now, so very clear on that.

On the Media business, our Media business is predominantly made up of audience measurement in terms of what drives the profitability of the business. We have an advertising intelligence business; we have a reputations intelligence business, and we have a TGI, and it's those other areas outside of audience which have been more under pressure.

Clearly media-related businesses, where advertising has been cut back, some of our clients are being slightly more careful with where they're spending their money. Whereas on the audience side, which is not discretionary and it's contracted, and contracted for a longer period, that money is locked in, and therefore, as you'd expect, it's clearly more robust and more resilient.

Navid Okay, thank you. Just a quick follow-up on the cash position. You mentioned, sorry, in the presentation that there's a further transaction

	in the third quarter to buy the remaining minority. Can you just maybe quantify how much that would be for?
Peter	Yes, so what we disclosed is $49 million of net outflow, which is what we're paying less the cash being acquired. That's the overall impact in the business. To answer your question, as of last Friday, coincidentally, our overall liquidity position is still around $950 million, the cash on the balance sheet hasn't really changed since the end of July.
Navid	Great, thank you.
Coordinator	Okay. Your next question comes from the line of Tom Dillon [ph]. Please go ahead. You're live in the call.
Tom	Hello. Thanks for taking the question. Just one from me. Could you talk a little bit about how much benefit there is in the numbers from government support and from furlough schemes and so on, and how you think margins might evolve as those schemes run off through Q3, especially if you see revenues continue to be behind prior year? Thanks very much.
Ian	Yes, that's a good question. In terms of the EBITDA, it's less than $10 million of benefit in the first half of the year, and that's from global schemes, not just the UK. That is schemes across the world. As you know, the schemes are very different, and they vary territory-by-territory. The rules are very different. We've been very careful not to get locked into any government schemes that would restrict our ability to make further changes, or do things with the business should we want to. Retaining flexibility is very important. Again, that comes back to us having a healthy liquidity position. I think I mentioned when we were talking through in terms of the working capital, is around $50 million of working capital benefit that's come from government schemes. It's not really government schemes; it's more government allowing sales taxes or payroll taxes to be deferred or moved from quarter-to-quarter or year-to-year, and that's what's driving that. We have looked at government schemes, but we've been very careful where we've used them.
Tom	That's very helpful, thank you.
Ian	Sarah, can we do one more?
Coordinator	Of course you can, yes. Your next question comes from the line of Mattia Risnares [ph]. Please go ahead. You're live in the call.

Mattia	Hi, there. Thank you for taking my questions. It's really three quick questions, and mostly [indiscernible - 104:06]. The first one is the cost savings. I was a little bit confused with the $126 million not being actioned. I would like to come back to the $190 million of savings, COVID savings, so to speak, of which $60 million are going to be permanent. I think that's what you mentioned in the last call, and it's returning in your presentation here. This $190 million is already actioned, or should I understand $130 million is actioned, and the $60 million will be in the $126 million yet to be actioned by year-end?
Ian	The $190 million is the full-year benefit for 2020.
Mattia	Yes.
Ian	Of which quite a lot of that is temporary in terms of its sustainability because it's things like hiring freezes, or moving people to three-, four-day weeks, or 20% pay cuts, or not travelling. Some of those are not sustainable long-term savings. They're things we've done and initiated quickly so we could make immediate cost and cash benefits. In our planning, we have a series of actions which will realise $60 million of run rate savings for 2021, which is not currently in the P&L we're looking at. We'll start to get some of those benefits in the second half of the year as they get actioned, but they're not currently actioned.
Mattia	Okay. All right, then [indiscernible - 105:40] charges payment. You said that out of this $50 million, some of it is due in the second half, and some of it will be due in the first part of 2021. Are you able to give some sort of split?
Ian	It's about $30 million, $34 million in the second half of the year, and $10 million or $11 million in H1 next year.
Mattia	Okay, thank you very much. The last one is on [indiscernible - 106:07] trading. I know it's a complicated question to answer for you, but August is better than July, or broadly in line than July so far? Are you able to give us some sort of sense?
Ian	I can tell you that August looks very much in line with what we expected, which is an improvement on Q2.
Mattia	Okay. All right, that's all from me. Thank you very much for your time.
Ian	Thank you. Okay. Sarah, are we done?
Coordinator	You do have one more question in the queue, if you'd like to take that.

Ian — All right, we'll do the last one. This is the last one.

Coordinator — No problem. It comes from the line of Mary Pollock [ph]. Please go ahead. You're live in the call, Mary.

Mary — Hi. Thanks for taking the question. My first is on working capital. Excluding all the great work you guys have done, and COVID, if possible, just so we can think about what's normal working capital seasonality for this business, what are the peaks and troughs like, and what should we expect, or should we see that in the second half of the year, particularly with regards to 4Q?

Then, I'm sorry, there's been a lot of talk about different cost numbers, but the $190 million is the COVID cost that you guided to last quarter. We could think of most of those having come through already, is that the right way to think about it?

Then how much of that, $60 million, I believe, is wrapped up in that $126 million ongoing cost savings? I just want to make sure I'm thinking about those pieces the right way. Thanks.

Ian — On the cost savings, if you look at the H1 P&L, you'll see $50 million of staff cost savings, and you'll see $29 million of G&A savings. That is primarily driven by the $190 million savings in total that we will expect to deliver across the full year. A large part of that is the temporary measures, the actions we've taken. You'll see more of those similar types of savings coming through in Q3 and in Q4. Not all of the $190 million is in the first half of the year, is a simple answer to that question, if that helps.

Mary — Okay, yes.

Ian — On the working capital, I think that's quite hard for the team to answer because historically—and that's why I think there's such a good opportunity on working capital within the organisation—it's an area that hasn't really been forecast and focused on. Understanding what a normal level of working capital is I think will take us a little bit of time just to build up our own record of that because I think our opportunity here is quite significant to manage through because looking at what was there historically is actually quite difficult because there wasn't great acute [ph] reporting in the organisation, and it wasn't an area that was really focused on. I'm not sure we could give you a normal level of working capital at the moment.

Mary — Okay, thank you.

Ian — Okay. Thanks, Sarah. Can we wrap things up?

Coordinator	Do you want me to do that?
Ian	Yes, please.
Coordinator	Yes, no problem at all. Everyone, that does conclude your conference call for today. You may now disconnect. Thank you for joining and enjoy the rest of your day.
	[END OF CALL]