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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 – Deputy CEO and CFO Peter Russell – Group Treasurer
Title of Meeting:	Kantar Q3 2020 Lender Call
Hosted By:	Peter Russell

Coordinator

Good day, everyone, and welcome to the Kantar Q3 2020 Lender call hosted by Ian Griffiths, Kantar's CFO. My name is Steve, and I'm your event manager. During the 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 over to Ian.

Ian

Thanks, Steve. Hello, everyone. As Steve said, welcome to Kantar's Q3 Results. On the call today you have myself, Ian Griffiths, Deputy CEO and CFO of Kantar, and I'm joined by Peter Russell, who's our Group Treasurer. We both joined Kantar early this year, and as you'll hear it's been an extraordinary year but one in which I believe we've made real progress in creating a stronger more efficient and more commercial business.

Before we go into that—Peter, move on a couple slides to the agenda—I'll just take you through what we're going to talk about today. We'll spend a bit of time on the key messages. And then we'll go through the financials including an update with Peter on working capital, liquidity and our cash flow, and then back to me for current trading. Hopefully leaving plenty of time then for questions. Move on.

Starting with the key messages, I guess the biggest news from Q3 has been the appointment of Alexis Nasard as our CEO. Alexis brings a wealth of marketing experience, digital expertise, and is a proven CEO. He joined us from Bata, and will be in post effective from December 30th. And he'll be joining a business where the trading momentum is definitely improving.

As we talked in previous calls, we had a challenging Q2, and this was despite our Audience business being resilient, growth in our health business and in Worldpanel, but our customer survey businesses had a tough time, with May being the worst month. However since then, every month has seen an improved rate decline, and that trend is continuing. Q2 is down 20%. Q3 was down 14%, and we'll go into more detail on that in a minute.

Our order book is also continuing to improve. It's now only down 4% versus last year, and current orders give us confidence we'll hit our target for 2020. And we should start 2021 pretty much as we expect as there's currently no surprises as we look at the orders book for this year that will impact next year.

In response to the economic impact of COVID, we acted quickly and setup a plan to deliver $190 million of savings. And whilst $130 million of those are temporary and will probably reverse, things such as travel, hiring freezes, and salary reductions, $50 million of those savings will be permanent. And as you'll see in the results, we've delivered over $130 million of those savings in the last few quarters and are firmly on track to hit the savings targets.

The improved trading in cost savings has helped our liquidity position.

Peter, do you want to add a bit of colour on where we are in liquidity?

Peter Yes. Thank you, Ian. During the quarter, the liquidity positioned has remained very healthy with $675 million of cash and total liquidity of around $900 million including our undrawn committed facilities. This is as a result of the themes we have discussed on previous calls which are our working capital improvements more of later, the cost reductions that Ian had mentioned, and the prudent drawdown of the revolving credit facility back in Q1.

Moving on to point 6, I'm also pleased to report that in October we completed the final part of the sale of 60% of Kantar from WPP to Bain. And as a reminder, the numbers presented in this report are presented on a pro forma basis assuming 100% in terms of the acquisition had already been completed.

Back to you, Ian.

Ian Thanks. As trading is coming back and liquidity is good, we had the confidence to keep pushing ahead with our transformation agenda, not just looking at what we do, how we do it, but also continuing to invest both in the technology and infrastructure to become a more data-driven business and also our continued investment in our growth areas.

Our Insights analytics business is up double digit. HBG is helping us grow the brand offer. Marketplace is up over 30%, with October revenues more than double last year. Worldpanel Plus is growing strongly in the UK, and our Cross Media audience measurement tools and new metres are being well-received in the market.

At the same time, we continue to challenge the cost space, and we've now identified in actions nearly $150 million of run rate savings that will benefit 2021, and there's more to come. We're confident our total savings will be ahead of the initial plan. And finally just to wrap this up, with improved trading, effective order book and good traction on delivering our cost savings, plus a healthy liquidity position, we can start to look ahead with some optimism. Let's look at the Q3 trading in a bit more detail, so move on to the highlights.

Our revenue is at just under $2.5 billion is down 12%, which as we'll show is mainly from our projects from our customs businesses; our Audience Business, Worldpanel, and Health have been resilient through these difficult months. Operating margin has improved by 2%. This is mainly the change in revenue mix through more automated products such as HBG and Marketplace, more online rather than face-to-face data collection, and better procurement.

Our EBITDA of $292 million is down 10%. That's $34 million year on year, but given revenues are up $355 million, this shows the benefit of the prompt action we took on our cost space.

Our working capital as Peter mentioned has been an area of real focus, and we've delivered $376 million improvement. About one-third of that is coming from factoring; one-third from the ready side of working capital; and one-third from the payables and cost side. We estimate around 80% of this benefit is from actions we've taken rather than trading, and we believe there's much more to come.

And finally, our capex is up year-to-date, because we had the confidence and liquidity to keep our original investment plans both for products and infrastructure in place which is a really positive message. Let's move on.

This chart, what Peter will discuss on cash flows, is key to our underlying confidence. The improving revenue trend is really encouraging, especially the order book and percentage revenues secured are also improving. I don't think we would call this a v-shaped recovery, but it is a recovery quicker than we expected when we put our cost plans together in March and April. And whilst we are by no means being complacent, this is an encouraging trend. Let's move on.

We now have four waterfall charts explaining how our revenues have moved. First for the third quarter itself and then the year-to-date. We'll do these quite quickly as the themes are pretty consistent. Our custom businesses while still down year on year are all seeing an improving trend in Q3 as [indiscernible – 75:04]. Worldpanel and Health have delivered consistent growth. Health in particular has been strong, and our Audience Measuring Business has been resilient while some of the media businesses have had a slightly different time. You can move on.

When we look at performance by market, it's the mix of the portfolio rather than anything fundamental that drives the variances by region. Our LATAM business has a higher proportion of revenue from Audience Measurement. Our Middle East and Africa business has more custom businesses and face-to-face. And the impact of COVID has not seemed to have discriminated between the more mature markets or the fast-growth markets. They've all been impacted roughly the same amount.

The same chart on a year-to-date basis. Insights is down 19%, but within that our Brand business, which is roughly half the revenue, has been helped by our new automated offer HBG. Our Creative business driven by Ad Testing had a better Q3 after a very difficult Q2, and this could be a positive sign that business confidence is coming back as our clients are starting to spend more on new advertising. And as I said, our Analytics business and Insights have seen consistent growth all year.

Worldpanel has delivered three-fourths of growth. Demand for our data and continued supply of that data has been good all year. We've seen strong growth from our health business, and finally our public business will recover quickly in Q4, given by the time we have key contracts in particular in the UK. So no doubt a challenging year, but the benefits to the portfolio, the continued demand for our data, and a more data-driven offer with some strong syndicated products has helped through this period.

And finally just moving on, by region you can see similar trends there. I'm not going to dwell on that, because a there's not much more to say. So just moving on to the final chart for me just in terms of pulling it all together with the P&L, this has been a pretty unprecedented year. We had a decent start with a decent Q1. We then had the shock at Q2, and as you see, recovery is Q3.

We've changed our offer mix with new products, a new niche-based collection, some of which will be permanent. We've held our costs tight, and managed our costs tightly with $81 million of staff cost savings and $55 million of G&A savings, recognising which is net of some increased investment we've made in our tech costs which will benefit future products and infrastructure. And the net of all this is an EBITDA of just under $300 million at a margin of 11.7%, which is slightly better than last year. And if you looked at our Q3 P&L in isolation, we made roughly the same level of profit in the period with revenues down over $130 million.

I'll now hand over to Peter to talk through where we are on cash and working capital. Peter?

Peter: Thank you, Ian. Our continued focus on working capital is reflected in the $276 million improvement in trade working capital year on year at the end of September. This is as a result of the ongoing process improvements including the swift action taken from management in response to COVID-19 we've discussed on previous calls, as well as an overall reduction in trading performance some of which will reverse over time. Now I'm looking at the individual components.

The net debt is an improvement of $251 million that is driven by a focus on collections with overdue debtors continuing to reduce year on year within over ten percentage point's improvement. The accrued revenue improvement of $66 million was due to the mix of improved billing procedures as well as lower revenues, and finally trade creditors improved by $62 million as we continue to improve our payment practices. Moving on to capital expenditure.

We saw an overall increase of $5 million as we continued to invest in our growth platforms in Worldpanel, Media, and Insights. I will now turn to our net debt and leverage.

Our pro forma senior secured net debt at a multiple of pro forma adjusted EBITDA on a [audio drops – 79:25] of September 2020 increasing slightly from Q2 due to the weakening US dollar. Turning to our cash.

The pro forma balance at September of $675 million reflects the impact of the fifth completion during the quarter and sixth and final completion at the end of October. The RCF draw remained at $240 million at the end of Q3. However, I'm pleased to report that we've recently repaid nearly $90 million of the revolver at the end of the November, and the amount now outstanding is reduced to €131 million or around $155 million. Now moving on to the liquidity waterfall.

I'll describe the key drivers of the cash and liquidity improvement in the nine months until September. Please note that the liquidity waterfall is again on a pro forma basis for the final acquisition in October but excludes the revolver repayment that has just occurred. Starting at the left of the slide and focusing on the business performance, we've benefited from the net working capital inflow of

$335 million in the nine months to September plus a positive EBITDA contribution to cash flow of $284 million.

Out of these inflows we have serviced debt interest of $119 million, leases of $57 million, and tax and capex of $109 million. We've also paid over $300 million to finance the deferred parts of the acquisition and spent $158 million on restructuring another nonrecurring cost.

Finally in terms of financing in our cash position at the end of the quarter have benefited by a net of $257 million from the revolver draw and term loan B issuance in July, net of debt repayments relating to the preferred acquisitions.

Pro forma for the final third acquisition as we've already mentioned, our cash position is $675 million. And after adding on undrawn committed facilities, our total pro forma liquidity is around $900 million.

I'll now pass back to Ian who will provide a trading update. [Audio drops – 81:45].

Seems we had a technical issue.

Ian

Sorry about that. I was on mute. Thanks, Peter. We talked a bit earlier about how we've responded to the impact of COVID-19. Over the past six months or so, we've done a lot of client engagement trying to understand their needs, helping them think through the challenges and opportunities of their business and finding new ways to collect data to continue to deliver.

We've held over 250 webinars attended by more than 150,000 clients from across 70 countries. We think this engagement has really paid off. Our recent client satisfaction scores which measures both preference and performance are very strong, especially for Insights, Worldpanel, Profiles, and Media, our biggest divisions. If we see client satisfaction as a measure of loyalty and stickiness, it's a real positive indicator for 2021. And as we look into 2021, our order for next year is very much in line with where we were this time last year, so that's also encouraging. Peter, let's move on.

But before we get into 2021, we need to finish 2020, and to that goal we're not expecting any surprises. The order book is improving. We've had more of our target revenues secured and booked than we had this time last year, and we're confident that Q4 will see a continuation of our improving revenue trend.

Having said all of that, revenues will still be down year on year, so we remain very focused on costs and cash. Our run rate cost savings are now close to $150 million as we've taken action to align capacity and resources to our lower revenues, and we'll continue to push efficiencies really hard into 2021. For both working capital and cost savings, we're confident we'll deliver ahead of our original plans which will keep liquidity healthy and enable us to continue to invest to make Kantar an even stronger business.

Thank you, and I'll now hand you back to Steve so we can take your questions. Thank you very much.

Coordinator — Thank you. [Operator instructions]. Your first question comes from the line of Fralka Walkovitz [ph] from Auto BHF. Please go ahead.

Fralka — Hello. Can you hear me?

Ian — We can hear you. More than you could hear with me earlier when I was on mute.

Fralka — Yes. I was laughing. Can you talk a bit about client behaviour, because what I have understood so far is that clearly during Q2 but a bit in Q3 as well clients used to reduce their marketing spend and reduce their order refusal? Can you please talk a bit about what you see there at the moment please?

Ian — I think it's very much in line with the charts we showed in terms of that improving trend. I think the benefit we have of being a portfolio business where we have over one-third of our revenues what we call syndicated on longer term contracts, in particular in our Worldpanel and Media business, especially the Audience Measurement, we have the resilience of that revenue through these uncertain times. And as you can see, the Worldpanel business has delivered consistent growth each quarter which is nice, and the Audience Measurement business has been resilient and held up nicely through it as well as we'd expect.

The area where we were most impacted through as COVID hit was our Custom business which is much more project-based, much more ad hoc, and driven it to a large extent by confidence. Our confidence in brand, confidence in advertising, but it does seem that all of that is heading in the right direction, and it also seems that actually what we're not seeing as there has been to some extent a second wave of the virus impacting everyone's health, we're not seeing a second change in behaviour. So the fact that those revenue charts and our orders are remaining resilient and continue to head in the right direction I think should be seen as reassuring. I think that's a good sign.

We always thought when we looked at our Insights business that the creative side of it which is essentially Advertising Testing would be a good early sign of business confidence coming back, and that seems to have come back really nicely in Q3 with single-digit revenue declines, which given it was well down Q2 that's I think a positive sign, and the outlook there is good. When we look at our orders for Brand, actually our Brand orders are ahead year on year, and that's over half of our Insights revenue.

Generally I think we should be encouraged by what we see, and as I said at the end there, I think our customer satisfaction scores if you see them as a measure of confidence and stickiness and the value that buyers place on the relationship and actually how we've worked with them through COVID, those scores are exceptional. The fact that all our divisions are up—and they're not just up by a percent, they're up very strongly—I think should give us some confidence when we look into 2021.

Fralka — Okay. In general, what is your visibility for your sales?

Ian — It varies by business. As we look into our Media business, we have good visibility, because we have long-term contracts in Audience Measurement. We have pretty good visibility on Worldpanel, and in our Custom business for our tracking, we're now in renewal season now, and actually our renewals are looking good. When I look at how much revenue we have booked for 2021 today, we're trading very much in line with what we had at this time last year which I think just reinforces everything I've said.

Fralka — And can you give us a concrete sales and EBITDA guidance for Q4 and maybe Q1?

Ian — No. Well I can, but I'm not going to.

Fralka — You just don't want to, huh.

Ian — We gave you some good guidance in terms of—I think we gave you some good guidance. We expect the revenue trend to continue to improve, and we expect to deliver our cost savings $190 million.

Fralka — In 2020? Sorry. Sorry. $190 million in 2020?

Ian — Yes. That's what we said we'd deliver on previous calls, and we're on track to deliver that.

Fralka — And there was an uptick in the estimated synergy by $20 million versus your last presentation. Can you roughly say what this $20 million was about?

Ian — Those $20 million in savings we've identified are what we call capacity adjustments just reflecting the fact as we look ahead we can be a more efficient business, and we've identified those and the appropriate run rate. We're continuing to look at that, and I think as we firm up our plan those numbers will increase.

Coordinator — Your next question is from the line of Salek Ishtak [ph] from Citi. Please go ahead.

Salek — Hi. Good afternoon. Thank you very much for taking my question. I wonder if we could just flip over to slide 22 of the presentation you circulated for this call, and I'd really just like to understand that bridge that you're providing from EBITDA of 263 to LTM of 494, and perhaps you can just give us a little more details on those three line items; the 263, the 69, and the 162. And perhaps if I can start off the discussion with the 263 I guess represents 98% or 99% of the perimeter I suppose that you now own in 3Q. Could you just walk us through that and particularly that 162 number, I just want to understand that one as well.

Ian — Peter, specialty subject.

Peter — I think, I can give you the high-level answer. In reality, one is for nine months. We start with the nine months, and obviously we end up with an LTM of the last 12 months, so there's three months additional EBITDA in there. And then the other key difference is the pro forma for 100% of the group versus how we were accounting for the group for the nine months. For the nine months, the EBITDA of 263 is as we acquired each part of the group we added in EBITDA from that point, so it's not on a pro forma basis if that makes sense. It's literally from the acquisition, so a deferred acquisition in February, March, April, etc. and then the EBITDA is added in, and that's what the 263 relates to for the nine months.

And so overall, we're going from nine months as acquired to the last 12 months on a pro forma 100% basis.

Salek — Right. That's helpful, but I guess where I'm having a little bit of difficulty trying to understand the reconciliation is for the nine-month period that you're reflecting you're starting off with 92% ownership and then that ownership kicks up. So that 162 number represents I guess the 8% from say the acquisition date that you didn't own right in 2019, which you are then therefore adding back in I suppose. I guess that 162 number is really the one that I'm kind of sitting here trying to reconcile and understand.

Peter	I'm going to have to suggest that we get back with a slightly more detailed reconciliation. I don't think there's anything more to add than what I've just described from a high-level down to the detail.
Salek	Okay. Yeah, if you could provide a bridge that would be very helpful. Thank you very much.
Ian	Thanks.
Coordinator	Your next question is from the line of Constantin Wolf from Western Asset. Please go ahead.
Constantin	Hi. Good afternoon. Thanks for the presentation. Three questions if I may. The first one is on the EBITDA. I think you have run rate adjustments to your EBITDA of $146 million, and if I look at your H1 presentation you had $126 million. Can you give us a bridge between those two numbers and explain if all your cost savings are on track, why does this number go up? The second question is I appreciate that you're not going to provide Q4 guidance, but can you provide us October revenue growth similar to what you've given on September and August and July. And then the final one is can you tell us how much cash you burned in Q3 versus August [ph]? Thanks.
Ian	On the 146 of run rate savings, these are future savings that we have identified that would help 2021, the run rate. So we've identified an additional $20 million that will help next year that we didn't have certain plans for when we did the Q2 update. That's the only difference between the 126 and even before, because last time it was 146, and that roughly just in terms of how that breaks down if you remember when I was going through this year we delivered $190 million of savings from that $60 million will help next year. It will be sustainable into next year. We have $34 million from efficiencies and operations business. We have some savings from procurement, and then we have some general savings from running a much more efficient business aligned to the type of organisation structure we want to run going forward, and it's work that's ongoing. So those numbers will change, and I expect the run rate savings to improve each time we talk. These are savings to come. They're not savings that are in our numbers. These are additional savings. On October, I'm not going to give you the exact number, but all I'll say is—just reiterate a little bit of what I said with a little bit more colour—across Q4 we expect our CL revenue trend to continue to improve. And I can say that our October revenue was an improvement on our September revenue. Hopefully that is helpful.

	And the question on cash for Q3, was it cash burned, or you just want to know where our cash is today?
Constantin	No, cash burned please. How much money left the business before financing activities? Pre-cash flow burning Q3 and Q2.
Ian	I don't have the quarterly cash flows at hand, but I don't know, Peter, if you have?
Peter	No. I don't. Why don't I get back with that one too? We just put out the financing [overlapping voices – 97:35].
Constantin	Would it be okay if you just posted that on your website so that all creditors can see that at the same time just because of MNPI risk?
Ian	Yes, that's fine. We've given you the year-to-date liquidity waterfall, and we also gave you the same chart for the first half of the year, so it is only the difference between those two charts.
Constantine	Yeah. Okay.
Peter	That's great. We actually had the same waterfall in Q1, so all the data there is on the website.
Coordinator	Your next question is from the line of Sanjay Bhatia from Sutherland. Please go ahead.
Sanjay	Hi. I was just wondering if you would speak on working capital inflow so far on a year-to-date basis, and what percentage of the inflow is expected to reverse as we head into FY21. Because this year of course has been of enough in terms of inflow, so if you could just give a little bit of colour on what kind of outflow, part of what percentage of inflow this year on a year-to-date basis is expected to reverse then covered. That would be very helpful. Thanks.
Ian	Okay. Well of the $370 million plus improvement, about one-third of it is factoring which clearly we won't get the benefit of for that one [indiscernible – 99:16]. About one-third of it is from payables side of things where we are managing payment terms, and actually we're not really stretching payments. We're just making sure that we pay people on time to terms rather than early, which is what was happening historically, and then it's been a real focus on the receivables side. Like Peter said it led to a significant reduction in the age profile in our DSO.
	Of those last two areas, the non-factoring elements of the working capital, we've estimated that around 75% of that [background noise – 99:57]. Therefore that shouldn't unwind. We actually—

Sanjay	[Background noise – 100:06] I didn't get your last statements.
Ian	Yes. Because I have a lot of noise coming through as well. I don't know where you lost me, but if you break down the working capital into chunks of about third equal; a third on payable, a third on receivables, and a third on factoring, the two elements of payables and receivables we would expect from the work we've done looking at what's driving that where we've been very focused, around 80% of that is being driven by us being more efficient in managing things tightly rather than just normal trading. And we'd expect to retain that and in fact, I think there's more we can do to improve on the receivables side our cash collection and the age profile of our debt. I think our working capital management is really improved, but I think we can continue to improve it.
Sanjay	Okay. Thanks.
Coordinator	Your next question comes from the line of Pateo Riscaniary [ph] from Tikehau Capital. Please go ahead.
Pateo	Hi. Thank you for the presentation. I have two questions. The first one is I would like to understand how much of your temporary savings are generally effective in your third quarter results versus permanent just to gauge how much of—because EBITDA at four months was call it market burning [ph] in the third quarter given the declining revenue—so I just wanted to understand how much is going to unwind with time as you basically take back costs. My second question is I did not understand, how much of the schedule did you repay in October? I have $135 million outstanding at the end of October. Was that correct?
Peter	As of yesterday, we repaid around $90 million, so the actual amount outstanding is €131 million.
Ian	And on the savings, I didn't quite work out whether you said Q1 or Q3 because the line's been a bit funny, but of our total savings—
Pateo	It was Q3. Sorry. Because EBITDA is minus 2% when the renewal is somewhere around minus 10%. So I just wanted to understand how much is permanent in there and how much is temporary just to know if the [indiscernible – 102:48] going forward with regard to margin and EBITDA valuation as well.
Ian	Of our total savings for the year of the 190 we identified back in March/April, 130 is going to reverse is our expectation. That will come through things like people traveling again – touch wood. We had some salary sacrifice. We had very temporary measures that we

put in place, so that's the degree. So out of 190 we'll reverse back into 2021, but as you can see from the EBITDA table, we're more than covering that through the run rate savings we have identified so far. And as I said a couple of times, we expect to have more savings identified when we get into 2021.

Pateo — Thanks. And within this bridge that you present, how much is already implemented as of today in percentage wise? I get that it's not genuinely effective yet, but how much is already implemented?

Ian — Of the 146?

Pateo — Yes.

Ian — The only numbers we put in here are items we have firm plans for and we have a very clear execution timescale on, so most of that is being executed as we speak or is in train. That's the full-year impact for 2021 [overlapping voices – 104:26].

Pateo — Thank you. That's all from me. Thank you very much.

Coordinator — Your next question is from the line of Lewis Cabrel [ph] of Northlight [ph]. Please go ahead.

Lewis — Hello. Just a few questions from my side. In terms of you guys have obviously done a very good job in terms of restructuring and cost trading, how much would you expect for Q4 and Q1 to be, as both the process of completing the acquisition, etc. and getting the costs cut through, how much would you expect the cash one-offs to be related to those? Second question, I think you mentioned on Q3 there was about $50 million of working capital inflows related to government help if I'm not mistaken. Is that reversed on Q3 or not? And then the last question, just in terms of fees, etc. payable related to the acquisition, have you guys paid everything related to the bond issuance, etc.? That would be helpful to also understand. Thank you.

Ian — The answer to the last question is there's a few deal costs to pay but nothing material, and bond issuance I think that's all done. Peter, correct me if I'm wrong.

Peter — Yeah. Yeah. Absolutely. Yes.

Ian — I can't remember the exact number in terms of working capital benefit we had from various government schemes, but most of those will be paid or reversed by the end of the year. We still got a little bit of benefit in Q3 but most will unwind by the end of the year. There may be a few in the UK that flow into 2021 but nowhere near that level of benefit, so that will all work its way through.

In terms of restructuring for Q4 and Q1, we're in the middle of doing that now. We're thinking through the plans, and I'm not going to give you any specific numbers on that. But you can see in the detail we've given that roughly the guidance we gave in the original documentation was roughly $1 of investment in one-offs is $1 in savings, and that's sort of what's happening at the moment. So that gives you an idea of the sort of return we're looking at.

Lewis — Thank you. Just maybe as a follow-up, just to understand from prior questions, etc., do you have a sense of the working capital unwind that you'll get on Q4? Just sort of explaining it—

Ian — I think we're going to show strong working capital improvement across the year. I don't see any reason why the momentum is going to change. It may not stick to $376 million for the full year, but it won't be far off.

Lewis — Okay. Perfect. Thank you.

Coordinator — Your next question is from the line of Mary Pollock from CreditSights. Please go ahead.

Mary — Hi. Thanks for taking the question. On the $130 million of cost that's coming back into the business in 2021, how much of that do you expect to be offset in 2021 by realised cost savings? My second question is on gross margin. Your gross margin is strong year-to-date. Do you think that 57% is sustainable in 4Q in 2021? Is that COVID-mix related, lack of face-to-face, or is that long-term changes in the business? And then if you could provide any colour on how we should think about timing. I know you have a restructure and transformation cost breakout in the income statement which is super helpful, but how should we think about those restructuring costs coming through the cash flow statement in terms of timing on the two? Thanks. That's it.

Ian — Thank you for your questions. The first one of the $130 million of cost savings reversing that will be more than offset by future savings that we deliver in 2021, so very confident of that.

On the gross margin percentage, that's a tricky one to answer definitively, but when we untick the increase which is roughly 2% in the year-to-date numbers, some of it's being driven by improved offer. It's a more automated offer which is an area we've been investing. Things like HBG and Marketplace, so that is sustainable. Some of it is driven by the impact of COVID. As you say, some of our data collection has moved from face-to-face to online. Now, clearly we'd like to keep that, but some of our surveys and accounts would like to revert back to face-to-face, because they want that quality of data. I think it is a mix, but I think as we focus on the type of work we do and how we deliver it, there's no reason why that margin should move back to where it was. I'd like to see it—and I believe we can—hold it at roughly that 67%.

And on the timing of future cash flows, I think we are on a journey of change at Kantar creating a much more efficient business, investing in our technology and actually rightsizing this cost space, because I think there's a lot we can do make the business more effective and more efficient. I think we'll have one-off costs for a while to come. As we incur them, our job is to make sure we're transparent about it, and we'll keep reporting them the way we have which hopefully you find helpful.

Mary — That's great. Thanks.

Coordinator — Your next question is from the line of Fralka Walkovitz from Auto. Please go ahead.

Fralka — Yes. Hello. Sorry. I was not finished in the first place. Maybe I was slow. Okay. Can you roughly guide us on capex in a let's say normal year pro forma in a normal year. That's my first question. And second question is when do you expect your leverage to peak? And third question is can you tell us a bit about the seasonality of your business? Is Q4 always your strongest, weakest quarter? Thank you.

Ian — Q4 is our strongest quarter. It's the quarter where there's for lots of reasons I think usually driven by our key accounts and key clients managing their budgets. There's more discretionary spend in Q4, but as I said earlier, as we look at our bookings we're confident that in terms of our own targets for the quarter we're in good shape, which is good. So Q4 is a big quarter for us, but we're approaching it optimistically not the least of which driven by those encouraging revenue trends.

I missed the first question, sorry.

Fralka — Your capex bill and your capex in a normal year or without COVID let's say.

Ian — Well actually one of the areas we haven't really cut back on during this year because our liquidity's been strong has been our capex, because the areas that we spent capex—and we spent a little bit on prophecy. We spent a little bit on our own infrastructure. In fact, we should spend more on our own infrastructure, and that's an area where we misallocate some cash, but most of it's product-related whether it's metres for Audience Measurement or it's investment in

	new product like HBG, Marketplace, Worldpanel Plus, and PRISM. We've kept our spend roughly in line with that, so in a normal year I think we should be spending about \$80 million to \$100 million.
	I think we'll spend in that sort of range this year when we finish. I think next year we might be slightly higher, about \$120 million, because we have lots of exciting projects to kick off but, it's that sort of range if that helps.
Fralka	Okay. When do you expect your leverage to peak?
Ian	I knew there was a question for Peter in there.
Peter	Thank you. We're still working through the budget for next year. I think at the moment though we're not expecting any challenges is what I can say. We're quite confident on meeting the leverage covenant. Obviously it's something we monitor. We discuss the leverage with the rating agencies regularly, but we're not expecting any issues going forward.
Fralka	Okay.
Ian	Steve, it sounds like it's gone quiet. Are we done?
Coordinator	There are no further audio questions.
Ian	Okay. Thanks, everybody. Thanks for your questions. Really appreciate it.
Coordinator	Thank you. That concludes your conference call for today. You may now disconnect. Thank you for joining, and have a very good day.
	[END OF CALL]