



Hibu Trading Update for the nine months ended 31 December 2020

Hibu US

- The business continued to demonstrate strong resilience. Digital revenue for the nine months was 3% lower than last year with Q3 digital revenue only 1% below the same quarter last year. Customer acquisitions were stable in the quarter, customer churn remained at all-time lows and ARPA increased again.
- The drivers behind this performance are supported by the PCS (Primary Customer Segment) strategy of acquiring more stable, higher spend and higher retaining customers; a sales force that is now 75% fully digital, up from 43% this time last year; increased focus on account management; and improvements in the service model.
- Adjusted EBITDA in the nine months was \$0.5m (1%) higher than last year as the business continued to carefully manage its cost base to offset a \$29m decline in directory revenues.
- Trading operating cash flow in the nine months \$19m lower than the prior year due to a lower working capital release from the decline in the directories business. Cash in the bank at 31 December 2020 was \$76m.

Yell UK

- Revenue for the nine months was 28% lower than last year but decreased by just £0.4m from Q2 to Q3. Despite material sales force reductions earlier in the year and the November lockdown, customer acquisitions and improved customer churn resulted in a net decline in customers of just 3.3k in Q3, a 38% improvement on Q2.
- Adjusted EBITDA in the nine months was £17m (49%) lower than last year but increased by £1.4m from Q2 to Q3 as the full benefit of previous headcount reductions flowed through.
- Trading operating cash flow in the nine months was £11m (28%) lower than last year due to the decline in Adjusted EBITDA partially offset by deferral of VAT payments. Cash in the bank at 31 December 2020 was £39m.
- Average monthly visits to Yell.com in the last 12 months at 8.1m were 16% lower than last year, decreasing over the first half of the year but remaining stable since June

David Anderson, Interim Executive Chairman, said:

“I am pleased to report that both our businesses have again performed ahead of the Board’s expectations in Q3. Our businesses provide the means by which their customers can maintain and enhance their digital presence and, in a world where so many physical activities are constrained, our products are increasingly attractive.”

“Our US business continues to demonstrate an extraordinary level of resilience driven by some very strong underlying metrics with churn in the third quarter at very close to the record lows that we saw in quarter two and average order value continuing to climb quarter on quarter.”

“Our UK business has delivered another quarter of stable revenue from a much leaner cost base. Improving customer experience is now starting to feed through to the financial results, with customer churn in Q3 at its lowest rate for 5 quarters, and I am more confident than ever that the business is moving on to the right trajectory.”

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DISCLAIMER

This announcement is for information purposes only and does not constitute a prospectus or any offer to sell or the solicitation of an offer to buy any security in the United States of America, the United Kingdom or in any other jurisdiction. Securities may not be offered, sold or transferred within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act of 1933, as amended.

The information contained in this announcement does not comprise statutory accounts within the meaning of Section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 March 2020 have been filed with the Registrar of Companies. The auditor has reported on the accounts and its report was unqualified and did not contain a statement under Section 498(2) or 498(3) of the Companies Act 2006.

This announcement may include forward-looking statements within the meaning of the securities laws of certain applicable jurisdictions. These forward-looking statements include, but are not limited to, all statements other than statements of historical facts, including, without limitation, those regarding our intentions, beliefs or current expectations concerning, among other things, our future financial conditions and performance, results of operations and liquidity, our strategy, plans, objectives, prospects, growth, goals and targets, future developments in the markets in which we participate or are seeking to participate, and anticipated regulatory changes in the industry in which we operate. These forward-looking statements can be identified by the use of forward-looking terminology, including, but not limited to, terms such as “aim”, “anticipate”, “assume”, “believe”, “continue”, “could”, “estimate”, “expect”, “forecast”, “guidance”, “intend”, “may”, “outlook”, “plan”, “predict”, “project”, “should”, “will” or “would” or, in each case, their negative, or other variations or comparable terminology.

By their nature, forward-looking statements involve known and unknown risks, uncertainties and other factors because they relate to events and depend on circumstances that may or may not occur in the future. We caution you that forward-looking statements are not guarantees of future performance and are based on numerous assumptions. Our actual financial condition, results of operations and cash flows, and the development of the industry in which we operate, may differ materially from (and be more negative than) those made in, or suggested by, the forward-looking statements contained in this announcement. In addition, even if our financial condition, results of operations and cash flows, and the development of the industry in which we operate, are consistent with the forward-looking statements contained in this announcement, those results or developments may not be indicative of results or developments in subsequent periods. We undertake no obligation publicly to update or revise any forward-looking statements, except as may be required by law.

Hibu US Operating Performance	Nine months ended	Nine months ended	
\$m	31 Dec 2020	31 Dec 2019	Change
Digital Marketing Services revenue	223.7	230.5	(3%)
Directories revenue	31.4	60.5	(48%)
Revenue	262.7	291.0	(10%)
Product contribution	171.2	191.5	(11%)
Product contribution (%)	65.2%	65.8%	
Adjusted EBITDA	52.9	52.4	1%
Adjusted EBITDA Margin (%)	20.1%	18.0%	
Trading operating cash flow	46.9	65.8	(29%)
Operating Metrics			
Digital marketing customers at beginning of period (thousands)	95.7	107.8	(11%)
Digital marketing customers acquired (thousands)	9.1	13.4	(36%)
Digital marketing customers lost (thousands)	(16.6)	(23.3)	36%
Digital marketing customers at end of period (thousands)	88.2	97.9	(10%)
Average revenue per digital marketing customer (\$)	3,240	2,909	11%

Yell UK Operating Performance	Nine months ended	Nine months ended	
£m	31 Dec 2020	31 Dec 2019	Change
Yell.com revenue	51.4	69.7	(26%)
Digital Marketing Services revenue	40.6	58.1	(30%)
Revenue	92.0	127.8	(28%)
Product contribution	73.7	102.0	(28%)
Product contribution margin (%)	80.1%	79.8%	
Adjusted EBITDA	17.8	34.8	(49%)
Adjusted EBITDA margin (%)	19.3%	27.2%	
Trading operating cash flow	20.8	31.4	(34%)
Operating Metrics			
Customers at beginning of period (thousands)	104.7	118.3	(11%)
Customers acquired (thousands)	14.0	19.4	(28%)
Customers lost (thousands)	(30.9)	(28.9)	(7%)
Customers at end of period (thousands)	87.8	108.8	(19%)
Average revenue per customer (£)	1,328	1,481	(10%)
Average monthly visits to Yell.com (last 12 months, m)	8.1	9.7	(16%)

Total Group Operating Performance £m	Nine months ended 31 Dec 2020	Nine months ended 31 Dec 2019
US revenue	204.7	229.5
UK revenue	92.0	127.8
Total Revenue	296.7	357.3
US Adjusted EBITDA	41.3	41.3
UK Adjusted EBITDA	17.8	34.8
Hibu Group central costs	(4.9)	(8.4)
Total Adjusted EBITDA	54.2	67.7
US Trading operating cash flow	36.5	51.9
UK Trading operating cash flow	20.8	31.4
Hibu Group central costs	(6.1)	(8.3)
Total operating cash flow	51.2	75.0

Key Performance Measures (“KPIs”)

Management use KPIs to better understand the underlying financial performance of the Group and to provide comparability of information between reporting periods and business units. Given that KPIs are not defined by International Reporting Standards they may not be directly comparable with other companies who use similar measures. KPIs used in this trading update are:

Financial KPIs	Description
Product contribution	Revenue less the direct costs associated with service delivery.
Adjusted EBITDA	Operating profit adjusted to add back amortisation, depreciation, restructuring costs, non-cash valuation adjustments and Hibu Group management costs, including share-based payments.
Trading operating cash flow	Adjusted EBITDA less capital expenditure, restructuring cash flows and changes in working capital. Excludes Hibu Group management costs.

Operating Metrics	Description
Customers	Customers with a live product on the last day of the reporting period. Yell UK excludes a small number of customers receiving free promotional products and customers of Sitemaker Software Limited (SSL).
Customers acquired	Customers with no live product on the first day of the reporting period and a live product on the last day of the reporting period.
Customers lost	Customers with a live product on the first day of the reporting period and no live product on the last day of the reporting period.
Average revenue per customer	Revenue in the last twelve months divided by the average number of customers in the same period.
Visits to Yell.com	Calculated as the average over the last twelve months. Usage is sourced and audited by Omniture and includes desktop and mobile visits but excludes any third party syndicated usage.