

Data Products stand out

YouGov's year-end update indicates that performance has been in line with expectations and it has yet to see any material impact from COVID-19. Our estimates are unchanged ahead of results on 6 October. Data Products remains the main driver, notably in its more established UK and US markets, as brands keep close track of their standing with customers. The group's wide spread of sector verticals will have been helpful, with strong tech and e-commerce offsetting weaker retail performance. YouGov's share price has recovered from the initial pandemic mark-down, with the rating now reflecting its premium growth and strong market positioning.

Year end	Revenue (£m)	PBT* (£m)	EPS* (p)	DPS (p)	EV/EBITDA (x)	P/E (x)	Yield (%)
07/18**	116.6	16.3	10.8	3.0	38.9	74.1	0.4
07/19	136.5	20.4	13.8	4.0	24.4	58.0	0.5
07/20e	147.0	23.1	15.4	4.0	25.7	51.9	0.5
07/21e	159.0	26.9	17.2	5.0	23.2	46.5	0.6

Note: *PBT and EPS are normalised, excluding amortisation of acquired intangibles, exceptional items and share-based payments. **FY18 restated for the change in treatment of amortisation and share-based payments.

Product power

Our recent [Outlook report](#) described YouGov's operations in some detail. Data Products continues to be the key engine, with Plan & Track increasingly embedded into clients' workflows, with the product offering continuing to evolve. Data Services has been holding steady. Here the type of project work normally undertaken has understandably been less buoyant but has been compensated for by the large amount of COVID-19-specific research. In Custom Research, the group has successfully managed the tail end of the Kurdistan project. YouGov Sport (bought as SMG Insight) has done better than might have been expected as major sporting bodies look to catch up for lost time in their marketing programmes. The US presidential elections in November 2020 should give further opportunity to market the YouGov brand to a wider audience.

Some COVID-19 opportunities

The pandemic is offering some additional opportunities, both in COVID-19 and health-related work for governments and commercial entities, and in the competitive landscape, where others have been operating with legacy business models less suited to the circumstances. No specifics are given on numbers in the update, beyond results being in line and the year-end cash position described as 'comfortable'. Our modelling suggests end-July cash of c £34m. For FY21e, we have pencilled in 8% top-line growth, below the 10-year CAGR of 12%, but there is obviously a far greater degree of uncertainty than normal.

Valuation: Premium price for strong positioning

The share price has recovered the initial losses as the COVID-19 situation developed and the stock is one of only two of the global peers to have shown a positive performance over the year. YouGov's valuation multiples are at the top end of this peer set, reflecting the group's strong market positioning and balance sheet.

Media

31 July 2020

Price **800p**
Market cap **£867m**

\$1.27/£1

Net cash (£m) at end January 2020 (IFRS basis) 27.2

Shares in issue 108.4m

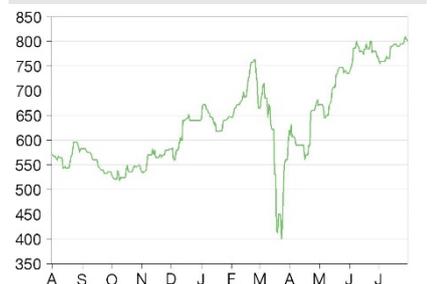
Free float 61.8%

Code YOU

Primary exchange AIM

Secondary exchange N/A

Share price performance



%	1m	3m	12m
Abs	3.9	19.4	40.3
Rel (local)	6.6	17.1	75.8
52-week high/low		810p	400p

Business description

YouGov is a global research data and analytics group, with over 9.5 million online panellists across 42 countries. It offers a complementary data-led suite of products and services including YouGov BrandIndex, YouGov Profiles, YouGov Omnibus, YouGov Direct and custom research.

Next events

Full-year results 6 October 2020

AGM 10 December 2020

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Exhibit 1: Financial summary

	£'000s	2018	2019	2020e	2021e
Year end 31 July		IFRS	IFRS	IFRS	IFRS
PROFIT & LOSS					
Revenue		116,559	136,487	147,000	159,000
Cost of Sales		(21,495)	(24,206)	(24,748)	(27,098)
Gross Profit		95,064	112,281	122,251	131,903
EBITDA		20,907	31,698	32,041	36,120
Operating Profit (before amort. and except.)		12,650	18,492	21,657	25,511
Intangible Amortisation		(7,026)	(8,809)	(8,809)	(8,809)
Share based payments		(3,571)	(2,401)	(1,250)	(1,250)
Exceptionals		(892)	1,529	0	0
Other		66	200	0	0
Operating Profit		11,824	20,221	21,657	25,511
Net Interest		(51)	(665)	154	137
Profit Before Tax (norm)		16,302	20,428	23,062	26,898
Profit Before Tax (FRS 3)		11,773	19,356	21,812	25,648
Tax		(3,615)	(5,086)	(5,638)	(6,657)
Profit After Tax (norm)		12,687	15,342	17,424	20,241
Profit After Tax (FRS 3)		8,158	14,270	14,924	17,741
Average Number of Shares Outstanding (m)		105.4	105.4	107.1	108.4
EPS - normalised (p)		10.8	13.8	15.4	17.2
EPS - FRS 3 (p)		7.7	14.1	13.9	16.4
Dividend per share (p)		3.0	4.0	4.0	5.0
Gross Margin (%)		81.6	82.3	83.2	83.0
EBITDA Margin (%)		17.9	23.2	21.8	22.7
Operating Margin (before GW and except) (%)		10.9	13.5	14.7	16.0
BALANCE SHEET					
Fixed Assets		78,019	108,534	121,683	120,380
Intangible Assets		65,357	82,374	90,013	90,204
Tangible Assets		12,471	26,160	31,670	30,176
Investments		191	0	0	0
Current Assets		66,735	72,581	71,121	71,123
Stocks		0	0	0	0
Debtors		34,672	33,726	36,324	39,289
Cash		30,621	37,925	33,867	30,904
Current Liabilities		(41,445)	(48,504)	(48,797)	(52,318)
Creditors		(41,445)	(48,504)	(48,797)	(52,318)
Short term borrowings		0	0	0	0
Long Term Liabilities		(11,238)	(14,060)	(14,060)	(14,060)
Long term borrowings		0	0	0	0
Other long term liabilities		(11,238)	(14,060)	(14,060)	(14,060)
Net Assets		92,071	118,551	129,947	125,125
CASH FLOW					
Operating Cash Flow		23,617	35,230	27,890	32,019
Net Interest		22	183	154	137
Tax		(5,501)	(4,520)	(3,651)	(4,936)
Capex		(8,181)	(12,166)	(15,000)	(16,500)
Acquisitions/disposals		(885)	(6,583)	(7,448)	(8,600)
Financing		259	(3,652)	(1,500)	0
Dividends		(2,106)	(3,327)	(4,504)	(5,084)
Net Cash Flow		7,225	5,165	(4,058)	(2,964)
Opening net debt/(cash)		(23,219)	(30,621)	(37,925)	(33,867)
HP finance leases initiated		0	0	0	0
Other		177	2,138	0	0
Closing net debt/(cash)		(30,621)	(37,925)	(33,867)	(30,903)

Source: Company accounts, Edison Investment Research

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