

9 October 2017

YouGov plc

Preliminary Results for the year ended 31 July 2017

Financial Highlights			
	Year to 31 July 2017 £m	Year to 31 July 2016 £m	% change
Revenue	107.0	88.2	21%
Adjusted Operating Profit¹	14.5	10.9	33%
Adjusted Operating Profit Margin	14%	12%	-
Adjusted Profit before Tax¹	16.4	13.3	24%
Adjusted Earnings per Share¹	10.9p	8.8p	24%
Dividend per Share	2.0p	1.4p	43%
Statutory Operating Profit	7.6	4.3	74%
Statutory Profit before Tax	7.9	5.5	43%
Statutory Earnings per Share	4.4p	3.3p	35%

Highlights

- Group revenue increased by 21% (9% on a constant currency basis)
- Data Products and Services revenue up by 37% to £47m (24% on a constant currency basis); now represents 44% of Group total (2016: 38%)
 - BrandIndex revenue increased by 36% (20% at constant currency) to £20m
 - Profiles revenue increased by 165% (144% at constant currency) to £4m
 - Omnibus revenue increased by 33% (23% at constant currency) to £22m
- Data Products and Services operating profit increased by 32%
- Custom Research revenue up by 11% (static at constant currency) to £60m and operating profit increased by 30%
- Adjusted operating profit up by 33%, adjusted profit before tax up 24% and adjusted earnings per share up by 24%
- Cash generated from operations (before paying interest and tax) increased by 37% to £19m (2016: £14m)
- Excellent cash conversion¹ of 130% of adjusted operating profit (2016: 130%)
- Net cash balances of £23.2m (2016: £15.6m)
- Recommended dividend increased by 43% to 2.0p per share
- US becomes largest profit generator with operating profit increasing 54%
- Current trading in line with the Board's expectations

1. Defined in the explanation of alternative performance measures on page 16.

Commenting on the results, Stephan Shakespeare, Chief Executive, said:

“This is the third consecutive year in which YouGov has delivered growth significantly above the market, both in revenue and profit. We have made further progress in our strategic shift to data products and services sold on subscription and this is bringing increased margin and greater visibility. Our systematic approach to market research which combines our syndicated data with new proprietary analytic methodologies to deliver greater granularity and accuracy, points to an exciting future. Trading in the current financial year has started in line with our expectations and we expect continued growth consistent with our ambition to become a leading player in the global data and analytics market.”

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Chairman's Statement

We are pleased to report that in the financial year just ended, YouGov has once again achieved strong organic revenue growth and significantly increased its profitability. This performance is in line with the long-term plan we have been following since 2015. As shareholders will be aware, this plan set ambitious goals for the company based on rapid growth in the higher margin Data Products and Services parts of our business and on raising the profit margins in our Custom Research business.

Group revenue of £107m increased by 21% in reported terms, and 9% in constant currency terms, compared to the prior year. This organic growth rate is once again well above that of the global research market. Our adjusted operating profit increased by 33% to £14.5m and the operating margin increased by 2% points to 14%. This reflects the benefits of the continuing planned shift in our product mix from traditional market research to subscription-based Data Products and Services. The latter accounted for 44% of total Group revenue in the year, an increase of 6% points in its share from 2015/16.

YouGov is a pioneer of the market's shift towards rich, single-source, connected data. Our proprietary multi-dimensional database, the YouGov Cube, allows fast large-scale analysis of many thousands of variables. This has allowed us to create innovative syndicated data products and services that are helping to grow our market share among key users of data on public behaviour and attitudes. These users include brand owners, advertising and media agencies focussing on marketing, as well as public agencies wishing to understand the populations that they serve.

YouGov's ability to provide accurate, in-depth data was demonstrated during the 2017 UK General Election. We applied our ground-breaking MRP (Multi-level Regression and Post-stratification) model which produced highly accurate seat-by-seat projections and predicted a hung parliament. The model's combination of connected data and sophisticated analytics is directly applicable to the analysis and monitoring of audiences in many marketing contexts. The model is currently being developed for commercial uses and will allow us to gain advanced statistical insights into micro audiences with greater confidence than ever before.

We have continued to expand our global capability, which includes our panel comprising of 5 million people worldwide and a network of 30 offices in 20 countries, making YouGov one of the top ten international market research networks. This year the USA became our largest profit generator having already been our largest revenue source for several years. This reflects our success in winning many US based global leaders as clients and is a strength at a time when the UK and European political and economic outlook remains more uncertain.

YouGov's strong cash position has enabled us to continue to invest to support organic growth, including in our product development, technology and panel. It also provides us with the means to consider bolt-on acquisition opportunities that may arise to accelerate our development in line with our strategy.

In keeping with our progressive dividend policy, we are pleased to propose a 43% increase in the annual dividend to 2.0p per share, payable in December 2017.

As separately announced, Alan Newman, Chief Financial Officer, will be retiring from the Company at the end of December 2017 after nine years in this role. On behalf of the Board of Directors, I would like to take this opportunity to thank Alan for his service and his contribution to YouGov's successful growth and strong financial momentum.

Roger Parry
Chairman
9 October 2017

Chief Executive Officer's Review

Performance in the Year

YouGov's revenue for the year ended 31 July 2017 increased by 21% to £107m and by 9% on a constant currency basis. In comparison, we estimate the global market growth to be approximately 4%. Our higher margin Data Products and Services accounted for some 68% of the total revenue growth, increasing revenue by 37% (24% in constant currency terms) from £35m to £47m. Custom Research revenue grew in reported terms by 11% from £54m to £60m, although it was static in constant currency terms.

The Group's adjusted operating profit increased by 33% from £10.9m to £14.5m and the adjusted operating margin increased by 2% points to 14%.

Within Data Products and Services, YouGov BrandIndex revenue grew by 36% to £20m (20% constant currency growth), the newer YouGov Profiles segmentation product increased revenue by 165% (144% in constant currency terms) to £4m, and YouGov Omnibus revenue grew by 33% (23% constant currency growth) to £22m. Data Products and Services operating profit increased by 32% to £13m, although the operating margin was 1% lower at 27% due to planned investment continuing in geographical expansion and in data analytics support.

Our strategy is to focus investment on Data Products and Services while aligning Custom Research with our panel-centric methodology and consequently, improving margins. Progress is encouraging – increasingly, we are selling the in-depth data derived from our digitally interactive panel as a subscription-based service and in custom research through higher margin annual tracker contracts. During this financial year, approximately 31% of the Group's revenue arose from contracts of 12 months duration or longer. This trend enhances visibility over the Group's future revenue and helps to increase cash generation.

This strategy resulted in revenue from Custom Research being static (in constant currency terms) while its adjusted operating profit increased by 30% from £6.9m to £8.9m and its operating margin rose by 2% points from 13% to 15%. This improvement comes from moving our focus away from projects which do not benefit from YouGov's core competitive strengths derived from our ability to generate connected and large-scale data for clients. During the year we also reduced, as planned, certain non-core, less profitable parts of the business (notably in Germany and Middle East).

Regionally, the USA became the highest profit generator in the Group, with a 54% increase in adjusted operating profit to £9.3m, as well as being the largest region in revenue terms accounting for 38% of the Group's total revenue. The UK increased revenue by 9% to £27.1m and raised its operating profit margin to 32%. The newer markets of Asia Pacific and France continued to grow strongly with their businesses centred on Data Products and Services although the costs of expansion in Asia Pacific led to a higher regional operating loss. In our Germany, Nordic and Middle East units, Data Products and Services revenue also grew well, but the scaling back of their less profitable, non-core Custom Research activities led to lower overall growth. As a result, Nordic revenue rose by only 3%, Middle East by 1% and Germany's fell by 7%, all in underlying terms.

Business context

Digital technology has created new challenges for marketers. They used to say, "I know half of my advertising works, I just don't know which half". Now they are more likely to say, "A quarter works, but which quarter?" YouGov now has better answers to that question than ever before. Our rich connected data and advanced analytics tools provide new opportunities for us to lead our industry. Our new Data Applications solutions and our performance in the 2017 UK General Election illustrate the application of our data and methodologies to vital challenges in the market. With great efficiency (speed and low cost), we are able to create continuous reliable measures of campaign effectiveness at granular levels which facilitate within-campaign adaptation.

Advances in methodology

YouGov proved itself the world's most advanced statistical analysis team in commercial survey research following the application of MRP to the 2017 UK General Election. This was a genuine breakthrough in methodology and paves the way for increased accuracy and granularity of market research with powerful applications to core marketing functions. MRP (Multi-level Regression and Post-stratification) is a technique developed by the Stan Development Team at Columbia University in part with YouGov collaboration.

It allowed us to predict a hung Parliament when nearly everyone else - campaigners, commentators, markets, bookies, academics and other pollsters - was confident of an overwhelming Conservative victory. This was the result of a granular seat-by-seat model that identified unexpected outcomes, even in areas where we had sparse panel samples. MRP's application to market research has great value as it allows us to describe micro audiences (demographic niches or small geographies, such as a single supermarket's customer base) with higher levels of confidence than ever before.

Strategy

We are successfully implementing our clearly defined strategy of developing smarter alternatives to traditional market research - based on connected data, new analytical tools and innovative applications - and bringing it all together into a single system, a single dashboard, a single infrastructure for applied research.

We are advancing in all parts of the YouGov System to create greater efficiency, accuracy and currency for our clients.

These are the parts:

An engaged panel

We aim to create a fully global panel that is larger, more engaged and more productive than any currently available. We are making it easier to recruit new panellists and making induction to the panel faster and more engaging. The YouGov Take Part mobile app is in its second phase of improvement and we will shortly be introducing a new format for completing surveys that is more rewarding in terms of valuable feedback to panellists.

Advanced analytics technology

We have made a strong advance in methodology through MRP, as described above. This was made possible by our large panel producing connected data for analysis through Crunch. Crunch is our new online data analytics platform, now being increasingly integrated into our customer-facing online offer. Crunch makes data processing faster and more accurate and enables clients to obtain increased value through easy-to-use analytics tools. Advanced clients are using this new platform to combine and analyse data from other sources as well as data supplied by YouGov.

24/7 global data processing and analytics resources

Our all-hours data processing and analytics support, provided through our shared services data operations centre in Romania, continues to grow and the services network will soon be supporting research seven days a week.

Self-service survey design tool

Our new self-service tool, 'Collaborative Insights', is being used in beta by a select number of US and UK clients. The tool speeds up the process of designing and scripting surveys both for the Omnibus service and also for general custom research. We intend for it to grow into a collaborative self-service system that links syndicated data to custom studies on a single dashboard. Additionally, expert researchers will be available to enhance the self-service offering as needed so that even more complex research can be made efficient.

New data applications

We have invested in our Data Intelligence Unit to drive future organic growth and the unit is developing new commercial uses for our connected data set (the YouGov Cube). We have packaged a number of the different use cases that go 'beyond the login' of Brandindex and Profiles to create a series of data applications that can be sold to clients as add-ons to their product subscriptions. These new connected data applications are far more advanced than the traditional market research offering, allowing our clients not only to plan marketing campaigns and track performance, but also to build audience segments and execute their programmatic media buys, all using a single-source platform.

Product-aligned custom trackers and services

Recurring, single or multi-country custom trackers (contracted for one or more years), whose data is delivered through Crunch, are a form of custom research that is highly aligned with YouGov's strategic focus. Trackers meet clients' needs for longitudinal monitoring and can provide company-specific information which even clients using our BrandIndex and Profiles syndicated products may require in order to supplement the information provided by the product. Another form of customised information linked to Profiles data is the re-contact study, usually conducted via the Omnibus platform which enables client specific questions to be addressed to a sample selected using Profiles.

Outlook

Over the past few years, we have been implementing the strategy that the Board laid out to our shareholders and as a result have delivered consistent recurring revenue and profit growth. In line with that strategy, YouGov has been transforming itself in response to the needs of the market to become increasingly a global data and analytics business. In the coming year, we aim to maintain our progress and continue pursuing the goals that we have set ourselves.

"Brexit" continues to create uncertainty in the economic and political environment, especially for UK and European businesses. However, the international spread of our revenues (with a significant US weighting) positions our business well to cope with potential volatility. The Group can also benefit in the short-term if £ Sterling rates remain relatively low compared to other major trading currencies.

In the context of both the macro-environment and our own plans, current financial year trading is in line with the Board's expectations. The Board is confident that YouGov remains well-placed to exploit opportunities for growth, especially in our Data Products and Services business, in both our more mature markets and our newer operations.

Overview of Global Products and Services

Revenue	Year to 31 July 2017 £m	Year to 31 July 2016 £m	% Change	% Change at Constant Currency
Data Products	24.1	16.6	45%	29%
Data Services	23.3	17.9	30%	19%
Total Data Products & Services	47.4	34.5	37%	24%
Custom Research	60.2	54.3	11%	0%
Eliminations	(0.6)	(0.6)	-	-
Group	107.0	88.2	21%	9%

Adjusted Operating Profit	Year to 31 July 2017 £m	Year to 31 July 2016 £m	% Change	Operating Margin %	
				2017	2016
Data Products	7.0	4.5	56%	29%	27%
Data Services	5.7	5.2	10%	24%	29%
Total Data Products & Services	12.7	9.7	32%	27%	28%
Custom Research	8.9	6.9	30%	15%	13%
Central Costs	(7.1)	(5.7)	(26%)	-	-
Group	14.5	10.9	33%	14%	12%

Data Products

Data Products are comprised of YouGov BrandIndex, our flagship brand intelligence tracker (82% of this category's revenue); YouGov Profiles, our newer product for audience segmentation and planning (risen in the year to 15% of the total) and YouGov Reports (3%) which has been scaled down following a product re-configuration.

Data products, once they are mature, have a higher profit margin than custom research as the outputs are sold to multiple clients while the input costs, such as data collection and analysis, are incurred only once.

The adjusted operating profit from the Data Products segment increased by 56% to £7.0m and the operating margin increased by 2% points to 29%. This partly reflects the growing contribution from YouGov Profiles which is now well developed and required little additional investment in the period.

Within Data Products, BrandIndex grew revenue by 36% (20% at constant currency) to £19.7m (2016: £14.5m) and now accounts for 18% of total Group revenue, generated from 650 (2016: 500) subscribers in 32 (2016: 27) markets across the world. The US remained the largest BrandIndex market although becoming less dominant as the newer markets have been growing fast, including Asia Pacific whose revenue increased by 106% in underlying terms and France where it grew by 85%. Versions were added in five new markets during the year: Italy, Spain, Philippines, Taiwan and Vietnam.

YouGov Profiles was available in eight markets during the year, following launches in Denmark and Sweden during the second half and is due to be launched in France during the coming year. Profiles continued to make excellent progress achieving sales with a total contract value of some £7 million leading to revenue growth of 144% in constant currency terms to £3.7m. Profiles now has 125 subscribers, many of whom also subscribe to BrandIndex. A recent subscriber is Aegis Dentsu Network, a leading media buying agency, which has adopted Profiles as its main source of research data for media planning purposes, replacing the incumbent TGI product.

Although the data categories covered by YouGov Profiles are standardised, some data components are tailored for each country version. The UK version of Profiles is based on a database of some 200,000 separate data variables on consumers, collected from more than 300,000 YouGov panellists. The tool connects data on profiles, brand, sector, and media, digital and social data all in one place combining that with attitudes, interests, views and likes. For example, it provides brand usage and perception data for some 1,200 brands (plus usage for thousands more), TV viewing for 5,000 programmes, website usage for the most active commercial websites, thousands of social media likes on music artists, films, personalities and much more.

YouGov Profiles and YouGov BrandIndex are complementary products that draw on and provide users with access to different combinations of datasets from the YouGov Cube. In the markets where both products are available (UK, USA, Germany, China, Indonesia and Malaysia, to date) the two are increasingly marketed together under the banner of “Plan and Track”. This reflects the fact that Profiles primarily enables marketers, advertisers and media owners to profile their actual and potential customers and plan targeted campaigns while BrandIndex enables them to track and measure the impact of campaigns and other events on consumers’ attitudes to their brand, including their likelihood to buy. Our pricing policy incentivises clients to take both data products, and an increasing proportion of them in the markets concerned are buying both.

This year we introduced increased interoperability between the BrandIndex and Profiles reporting tools. This enhanced linkage allows us to better package the combined BrandIndex-Profiles offering as a single capability with a higher value proposition that can be licensed at a higher price point. The linkages allow clients to drive greater value out of YouGov’s underlying Cube data.

This enhanced linkage enables our brand, agency and media clients to conduct further value-added analysis, such as advertising campaign effectiveness. For example, a client is able to identify and create a Profiles variable that includes consumers who have watched the relevant TV programs during a particular campaign. That variable can then be ported into BrandIndex, allowing the client to monitor the impact on KPIs such as brand awareness, advertising awareness and purchase consideration among the ‘potentially exposed’ audience – and compare that to the general population.

Similarly, by leveraging the linkages between BrandIndex and Profiles, clients are able to validate that they have reached the correct target audience. A client can isolate a group of consumers in BrandIndex which is aware of a brand’s recent advertising. Then in Profiles, the client can analyse the composition of that audience in detail. This analysis can include any of the thousands of variables available in Profiles – demographics, attitudes, behaviours, social media likes, hobbies, etc.

We have also introduced a dynamic segmentation offering, allowing clients to run segmentations that are full of colour and continually updated when combined with their Profiles subscription, and an activation offering, allowing clients to use Profiles to create seed audiences which are then scaled using look-alike modelling to enable programmatic advertising buys.

Together the campaign effectiveness, audience validation, dynamic segmentation and activation solutions described above make up our initial suite of ‘Data Applications’. These applications enhance the value proposition of the BrandIndex-Profiles capability and make it easier to sell-in the underlying subscriptions to prospects, increase our ability to retain clients and represent incremental revenue opportunities for the Data Products business.

BrandIndex serves major accounts among both advertising and media planning agencies on the one hand and brand owners and advertisers on the other. Its current clients include OMG, Universal McCann, Viacom, Airbnb, Bank of America and KFC. New client wins in the year included Ikea, Intersport, Ketchum, Mastercard, Monster and Hyundai Motor Company.

Profiles new client wins in the year included a number of media agencies such as Dentsu Aegis Network, AMS Media Group, Epiphany Search and Resource Ammirati. Its ongoing clients include MEC, OMG, O2 (Telefónica UK), Universal Music and JCDecaux.

Data Services

Data Services revenue largely comprises YouGov Omnibus our online fast turnaround service, and our related Field & Tab services (together, 94% of the total) with the balance being the provision of sample-only services in the Nordic and Middle East regions.

YouGov Omnibus, increased its revenue globally by 33% (23% in constant currency terms) to £21.9m. Most of this revenue growth was generated in the markets outside the UK following the international expansion of the Omnibus service in recent years. The growing footprint of the Omnibus network is attracting more multi-national clients, leading to more multi-country projects being run across our Group platform.

Thus, Asia Pacific grew by 73% in underlying terms and US by 63% and each now accounts for over 10% of total Omnibus revenue. Among the more established markets, Germany grew revenue by 39% in underlying terms and Nordic by 18%. In the UK, which accounts for approximately 40% of global revenue, YouGov Omnibus maintained its market leading position and grew by 7%.

Total Data Services operating profit increased by 10% to £5.7m although its operating margin decreased from 29% to 24%. This reflected the planned investment this year in delivery and sales resources to support expansion in the newer markets.

One of the Omnibus strengths is the creation of specialised versions to enable clients to access specific, more narrowly defined segments. The UK already offers a range of these including Children and Parents, Shoppers, Metro Cities and Small and Medium Enterprise owners (SME). The latter now enables Omnibus to support business-to-business as well as consumer research work and this area is one of the expanding areas in the YouGov portfolio. Outside the UK, specialised Omnibus services include; Citybus covering eight major cities in Asia Pacific and multiple others across the Group; Homeowners in the USA; and Pet Owners and Car Drivers in Germany.

Profiles subscribers are now able to undertake 're-contact' surveys using Omnibus through which they can obtain additional data tailored to their needs from segments of the panel with specific profile characteristics. These survey results can be imported into the Profiles tool thus enhancing the number of data-points available for that specific respondent group. Re-contact surveys are becoming increasingly popular among Profiles clients and provide a combination of data that is far more advanced than competitive offerings.

We have continued to improve the quality of Omnibus deliverables, with slides now being provided as standard in most markets. As a further development, Omnibus and Field & Tab results are now being delivered to clients through the Crunch analytics application.

We have also continued to develop our self-service survey design tool, Collaborative Insights, which will automate the way that clients submit and approve Omnibus and Custom Research survey questions. The tool is designed to make the turnaround from the client's initial question generation to YouGov's survey results delivery even faster and smoother for both clients and staff. The tool is now being trialled internally and is expected to be rolled out to clients during 2018.

Major New Omnibus client wins in the year included Acer, Bertelsmann, E.ON, Eurowings, Kayak and Allianz Insurance.

Custom Research

YouGov's Custom Research business conducts a wide range of quantitative and qualitative research, whose scope, scale and complexity varies greatly. It ranges from large-scale national and multinational tracking studies to one-off surveys designed to address clients' specific information needs at a given time.

YouGov's panel-centric methodology and ability to collect and analyse data rapidly have been enhanced by delivery of results through the Crunch analytics platform. This is ideal for meeting clients' needs for faster and more continuous tracking data, for which projects are often contracted on an annual

basis. The YouGov Cube also enables survey data to be connected with other data from our library or that forms part of a data product such as BrandIndex or Profiles.

During the year, we continued our strategy of harmonising our global Custom Research business and improving its profitability by focussing resources on our core panel-based services and scaling-down the non-core elements largely inherited through acquisitions. This included exiting parts of the German and Middle East businesses with low margins and reorganising the operational support globally. As previously announced, work has been increasingly transferred from most of our units across the world to our shared services centre in Romania where we can provide all-hours data processing and analytics support.

This strategy led to global Custom Research revenue remaining static in constant currency terms, although it grew by 11% in reported terms to £60.2m. More importantly, its operating profit increased by 30% to £8.9m and its operating margin rose by 2% points to 15%.

Custom Research continued to grow revenue in its largest markets with the US up by 23% (7% in underlying terms) and UK up by 4% as well as in Asia Pacific which increased by 46% (28% in constant currency terms). Among the markets where the rationalisation strategy has focussed, revenue fell in underlying terms by 37% in Germany, by 6% in Nordic and by 1% in Middle East.

The rationalisation initiatives led to the total number of staff engaged in Custom Research across the Group falling year-on-year for the first time (from 297 to 267).

YouGov remains firmly committed to developing its differentiated custom research offering globally and to building out the YouGov Cube across all our panels to support this. To reinforce this commitment and lead the continuing global development of our Custom Research business in line with our strategy, the new role of Global CEO of Custom Research was established in November 2016 and Stefan Kaszubowski, a long-standing senior manager of the Group, was appointed to it.

New Custom Research client wins in the year included Bausch + Lomb, Mastercard, M&C Saatchi, Sony, SSE and Virgin Money.

Central Costs

Central costs of £7.1m include the Group management team and central management functions together with the teams responsible for YouGov's online presence and the development and roll-out of the products and services based around the YouGov Cube.

Review of Geographic Operations

Revenue	Year to 31 July 2017 £m	Year to 31 July 2016 £m	Revenue Growth %	Revenue Growth at Constant Currency %
UK	27.1	24.9	9%	9%
USA	40.7	31.0	32%	14%
Germany	9.6	9.1	5%	(7%)
Nordic	8.9	7.6	18%	4%
Middle East	16.3	13.9	17%	3%
France	2.7	1.7	62%	42%
Asia Pacific	5.5	2.8	95%	71%
Intra-group Revenues	(3.8)	(2.8)		
Group	107.0	88.2	21%	9%

Adjusted Operating Profit	Year to 31 July 2017 £m	Year to 31 July 2016 £m	Operating Profit Growth %	Operating Margin	
				2017	2016
UK	8.6	7.2	19%	31%	29%
USA	9.3	6.0	54%	23%	19%
Germany	0.9	0.7	36%	10%	8%
Nordic	1.0	0.9	2%	11%	12%
Middle East	2.4	2.4	1%	15%	17%
France	0.4	0.1	202%	15%	8%
Asia Pacific	(0.9)	(0.6)	-	(16%)	(21%)
Corporate/Unallocated	(7.2)	(5.8)	22%		
Group	14.5	10.9	33%	14%	12%

This year, the USA which was already our largest region in revenue terms, also became the highest profit generator following a 54% increase in its operating profit to £9.3m. This largely reflected the sustained growth (of 27%) in Data Products and Services revenue, as Profiles continued to gain traction especially in the media sector and trebled its revenue, while Omnibus also grew strongly. This performance was supported by the expanding media coverage for YouGov, especially from our polling with CBS during the Presidential Election and expanded marketing to the corporate sector.

Data Products growth was also the main factor in the UK's 9% overall revenue increase with Profiles doubling revenue and BrandIndex increasing by 14%. The unit's tightly focussed operating model enabled it to further increase its operating margin to 31%, the highest in the Group.

Our Middle East business grew revenue by 3% in constant currency terms and its operating profit rose by 1%. Data Products and Services revenue grew by 20% (in underlying terms) while Custom Research revenue was static due to planned reduction in non-core, lower margin projects in the region.

Similarly, in Northern Europe, the mix continued to shift towards data products and services leading to low overall growth. Nordic revenue increased by 18% (4% underlying) with Omnibus and BrandIndex both growing by 17% in underlying terms.

In Germany, total revenue fell by 7% (in underlying terms) as Custom Research revenue fell by 36% due to the exit from legacy custom businesses while Data Products and Services revenue grew by 43%, including a 226% increase in Profiles revenue.

The Asia Pacific regional business continued to expand rapidly as anticipated with strong growth in both BrandIndex and Omnibus contributing to a revenue increase of 95% (71% in underlying terms) although investment in regional resources also increased the operating loss.

Revenue in France grew by 62% (42% in constant currency) largely due to BrandIndex, which continued to increase its subscriber base among leading French brands. Its operating profit increased by 200% reflecting the growing scale efficiency in this unit as it matures.

Panel Development

As at 31 July 2017, the Group's online panel comprised a total of 5.6m panellists, an increase of 30% from the total of 4.8m as at 31 July 2016.

We continue to invest in panel growth to support a growing overall workload, and specifically this year in the UK, USA and Germany to support local-level sampling. In addition, within the Middle East, we have invested in growing our India panel. All the panels grew as a result and the panel sizes by region were:

Region	Panel Size at 31 July 2017	Panel Size at 31 July 2016
UK	1,182,100	882,700
USA	2,152,400	1,972,000
Middle East	859,000	728,500
Germany	299,900	235,500
Nordic	283,800	221,800
France	186,500	163,500
Asia Pacific	673,700	561,500
Total	5,637,400	4,765,500

Stephan Shakespeare
Chief Executive Officer
 9 October 2017

Financial Performance

Income Statement Review

Group revenue for the year to 31 July 2017 of £107.0m was 21% higher than the prior year, 9% higher in constant currency terms.

The Group's gross profit (calculated after deducting costs of panel incentives and external data collection) increased by £17.0m to £85.7m. The Group's adjusted operating profit margin increased by 2% points to 14%, largely due to improved gross margins which rose from 78% to 80%. This reflected the continuing increase in the proportion of revenue generated from data products and survey work undertaken on the Group's own panels. Our business continues to be highly cash generative with the profit conversion rate remaining at 130%.

Operating expenses (excluding amortisation and other separately reported items) of £71.2m increased by £13.4m. The operating expense ratio remained at 66% of revenue.

The average number of staff (full-time equivalents) employed during the year increased by 87 to 779. Average revenue per head increased to £137,000 from £128,000 and staff costs as a percentage of revenue remained at 50%.

Adjusted group operating profit increased by 33% to £14.5m, compared to £10.9m in the previous year.

There was a net finance income of £0.3m compared to £1.2m last year, primarily due to lower foreign exchange translation gains. This resulted in an adjusted profit before taxation of £16.4m, an increase of 24% over the prior year. Adjusted earnings per share for the year rose by 2.1p (24%) to 10.9p.

The statutory operating profit (which is after charging amortisation of £6.4m and other separately reported items of £0.5m) increased by £3.3m to £7.6m. This was slightly less than the increase in adjusted group operating profit due to higher amortisation charges. Statutory profit before taxation increased by £2.4m to £7.9m reflecting the increase in operating profit offset by a lower net foreign exchange translation gain of £0.3m compared to £1.2m in the prior year.

Amortisation of Intangible Assets

Amortisation charges for intangible assets of £6.5m were £1.0m higher than the previous year. Amortisation of the consumer panel increased by £0.6m to £2.2m reflecting the additional investment made to grow the panel in the past three years. Amortisation of software increased by £0.3m to £3.5m. £2.7m (2016: £2.5m) of the total charge related to assets created through the Group's own internal development activities, £0.6m (2016: £0.6m) to separately acquired assets and £0.2m (2016: £0.1m) to amortisation on assets acquired through business combinations.

Other Separately Reported Items

Restructuring costs of £0.6m (2016: £1.1m) were incurred in the year. £0.3m of this related to the reduction of non-core custom operations in the Middle East and £0.3m arose from the development of global operations and finance support functions.

As part of the process of exiting non-core business in Germany, Service Rating GmbH was disposed of during the year with a profit on disposal of £0.1m.

Analysis of Operating Profit and Earnings per Share:

	31 July 2017 £'000	31 July 2016 £'000
Adjusted operating profit ¹	14,528	10,917
Share-based payments	1,488	1,111
Imputed interest	20	27
Net finance income	254	1,199
Share of post-tax (loss)/profit in associates	103	(4)
Adjusted profit before tax ¹	16,393	13,250
Adjusted taxation ¹	(4,912)	(4,099)
Adjusted profit after tax ¹	11,481	9,151
Adjusted earnings per share (pence) ¹	10.9	8.8

1. Defined in the explanation of alternative performance measures on page 16.

Cash Flow

The Group generated £18.9m (2016: £14.1m) in cash from operations (before paying interest and tax) including a £2.3m (2016: £2.3m) net working capital inflow. The cash conversion rate (percentage of adjusted operating profit converted to cash) remained at 130% of adjusted operating profit.

Expenditure on investing activities increased to £7.7m (2016: £6.0m) including £7.8m (2016: £6.1m) on capital expenditure as detailed below less £0.1m proceeds from the sale of subsidiaries.

	31 July 2017 £'000	31 July 2016 £'000
Internally generated software	3,385	2,555
Panel recruitment	3,471	1,979
Other intangible assets	112	546
Total expenditure on intangible assets	6,968	5,080
Purchase of property, plant and equipment	843	1,003
Total capital expenditure	7,811	6,083

Net expenditure on financing activities increased by £0.2m to £1.3m, including the dividend payment of £1.5m (2016: £1.0m).

There was a net cash inflow of £7.5m (2016: £4.5m) which combined with an exchange gain of £0.2m (2016: £1.0m) resulted in year-end net cash balances increasing by £7.6m to £23.2m.

Currency

As well as achieving robust growth in constant currency terms, the Group's results benefitted from the full year effect of the year-on-year depreciation of the £, especially against the US\$ and its related currencies and the Euro. The appreciation of the US dollar led to approximately 18% higher reported revenue growth in the US, Middle East and Asia Pacific while the Euro appreciation meant that reported revenue in Germany, France and the Nordics was 14% higher than if calculated in constant currency terms. Conversely, operating expenses were 11% higher than if calculated in constant currency terms.

Taxation

The Group had a tax charge of £3.3m (2016: £2.1m) on a statutory basis, with a deferred tax credit of £nil (2016: £0.2m). On an adjusted basis, the tax charge was £4.9m (2016: £4.1m), which represents a tax rate of 30% on the adjusted profit before tax, 1% lower than the prior year. The adjusted tax rate is higher than the standard rate of corporation tax in the UK as a result of profits arising in countries with a higher tax rate, notably the US.

Balance Sheet

Total shareholders' funds and net assets increased to £80.5m from £74.1m at the prior year-end. Net current assets increased to £20.7m from £17.5m. Current assets increased by £9.6m to £54.9, with debtor days decreasing to 58 days from 59 days. Current liabilities increased by £6.4m to £34.2m, with creditor days decreasing to 24 days from 28 days at 31 July 2016. Current liabilities includes £10.1m of deferred revenue in respect of subscriptions (an increase of £2.9m from 31 July 2016), which contributed to the increase in net cash balances in the year. Non-current liabilities decreased by £0.9m to £4.9m.

Proposed Dividend

The Board is recommending the payment of a final dividend of 2.0 pence per share for the year ended 31 July 2017. If shareholders approve this dividend at the AGM (scheduled for Wednesday 6 December 2017), it will be paid on Monday 11 December 2017 to all shareholders who were on the Register of Members at close of business on Friday 1 December 2017.

Alan Newman
Chief Financial Officer
9 October 2017

Explanation of Non-IFRS measures

Financial Measure	How we define it	Why we use it
Adjusted operating profit	Operating profit excluding amortisation of intangible assets charged to operating expenses and other separately reported items	Provides a more comparable basis to assess the year-to-year operational business performance
Adjusted operating profit margin	Adjusted operating profit expressed as a percentage of revenue	
Adjusted profit before tax	Profit before tax before amortisation of intangible assets charged to operating profit, share based payment charges, imputed interest and other separately reported items.	
Adjusted taxation	Taxation due on the adjusted profit before tax, thus excluding the tax effect of amortisation and other separately reported items.	Provides a more comparable basis to assess the underlying tax rate
Adjusted tax rate	Adjusted taxation expressed as a percentage of adjusted profit before tax	
Adjusted profit after tax	Adjusted profit before tax less adjusted taxation	Facilitates performance evaluation, individually and relative to other companies
Adjusted profit after tax attributable to owners of the parent	Adjusted profit after tax less profit attributable to non-controlling interests	
Adjusted earnings per share	Adjusted profit after tax attributable to owners of the parent divided by the weighted average number of shares. Adjusted diluted earnings per share includes the impact of share options.	
Constant currency revenue change ("underlying revenue change")	Current year revenue change compared to prior year revenue in local currency translated at the current year average exchange rates.	Shows the underlying revenue change by eliminating the impact of foreign exchange rate movements
Cash conversion	The ratio of cash generated from operations to adjusted operating profit	Indicates the extent to which the business generates cash from adjusted operating profits

Publication of Non-Statutory Accounts

The financial information relating to the year ended 31 July 2017 set out below does not constitute the Group's statutory accounts for that year but has been extracted from the statutory accounts, which received an unqualified auditors' report and which have not yet been filed with the Registrar.

YOUNGOV PLC
CONSOLIDATED INCOME STATEMENT

For the year ended 31 July 2017

	Note	2017 £'000	2016 £'000
Revenue	1	107,048	88,202
Cost of sales		(21,339)	(19,476)
Gross profit		85,709	68,726
Operating expenses		(78,152)	(64,395)
Operating profit	1	7,557	4,331
Amortisation of intangibles		6,483	5,478
Exceptional items	2	488	1,108
Adjusted operating profit	1	14,528	10,917
Finance income		480	2,144
Finance costs		(226)	(945)
Share of post-tax (loss)/profit of associates		103	(4)
Profit before taxation	1	7,914	5,526
Taxation	3	(3,273)	(2,111)
Profit after taxation	1	4,641	3,415
Attributable to:			
– Owners of the parent		4,671	3,401
– Non-controlling interests		(30)	14
		4,641	3,415
Earnings per share			
Basic earnings per share attributable to owners of the parent	5	4.4p	3.3p
Diluted earnings per share attributable to owners of the parent	5	4.2p	3.2p

All operations are continuing.

YUGOV PLC
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 July 2017

	2017 £'000	2016 £'000
Profit for the year	4,641	3,415
Other comprehensive income		
Items that may be subsequently reclassified to profit or loss		
Currency translation differences	1,159	8,271
Other comprehensive income for the year	1,159	8,271
Total comprehensive income for the year	5,800	11,686
Attributable to:		
– Owners of the parent	5,830	11,667
– Non-controlling interests	(30)	19
Total comprehensive income for the year	5,800	11,686

Items in the statement above are disclosed net of tax.

YOUNGOV PLC
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 July 2017

Assets	Note	31 July 2017 £'000	31 July 2016 £'000
Non-current assets			
Goodwill	6	43,746	42,401
Other intangible assets	7	11,214	10,739
Property, plant and equipment	8	3,278	3,568
Investments in associates		345	242
Deferred tax assets		6,054	5,416
Total non-current assets		64,637	62,366
Current assets			
Trade and other receivables	9	30,699	28,643
Current tax assets		738	1,143
Cash and cash equivalents		23,481	15,553
Total current assets		54,918	45,339
Total assets		119,555	107,705
Liabilities			
Current liabilities			
Trade and other payables	10	29,389	25,839
Borrowings		262	-
Current tax liabilities		777	392
Provisions		3,749	1,592
Total current liabilities		34,177	27,823
Net current assets		20,741	17,516
Non-current liabilities			
Provisions		3,222	4,255
Deferred tax liabilities		1,683	1,538
Total non-current liabilities		4,905	5,793
Total liabilities		39,082	33,616
Net assets		80,473	74,089
Equity			
Issued share capital		211	209
Share premium		31,261	31,086
Merger reserve		9,239	9,239
Foreign exchange reserve		14,889	13,730
Retained earnings		24,873	19,795
Total shareholders' funds		80,473	74,059
Non-controlling interests in equity		-	30
Total equity		80,473	74,089

YOUNGOV PLC
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 July 2017

	Attributable to equity holders of the Company								
	Note	Issued share capital £'000	Share premium £'000	Merger reserve £'000	Foreign exchange reserve £'000	Retained earnings £'000	Total £'000	Non-controlling interest in equity £'000	Total equity £'000
Balance at 1 August 2015		206	31,051	9,239	5,464	15,635	61,595	28	61,623
Exchange differences on translating foreign operations		-	-	-	8,266	-	8,266	5	8,271
Net loss recognised directly in equity		-	-	-	8,266	-	8,266	5	8,271
Profit for the year		-	-	-	-	3,401	3,401	14	3,415
Total comprehensive gain/(expense) for the year		-	-	-	8,266	3,401	11,667	19	11,686
Issue of shares		3	35	-	-	(3)	35	-	35
Dividends paid	4	-	-	-	-	(1,042)	(1,042)	(14)	(1,056)
Consideration for purchase of subsidiary		-	-	-	-	(28)	(28)	(3)	(31)
Share-based payments		-	-	-	-	1,111	1,111	-	1,111
Tax in relation to share based payments		-	-	-	-	721	721	-	721
Total transactions with owners recognised directly in equity		3	35	-	-	759	797	(17)	780
Balance at 31 July 2016		209	31,086	9,239	13,730	19,795	74,059	30	74,089
Exchange differences on translation		-	-	-	1,159	-	1,159	-	1,159
Net gain recognised directly in equity		-	-	-	1,159	-	1,159	-	1,159
Profit for the year		-	-	-	-	4,671	4,671	(30)	4,641
Total comprehensive gain for the year		-	-	-	1,159	4,671	5,830	(30)	5,800
Issue of shares		2	175	-	-	(2)	175	-	175
Dividends paid	4	-	-	-	-	(1,470)	(1,470)	-	(1,470)
Share-based payments		-	-	-	-	1,488	1,488	-	1,488
Tax in relation to share based payments		-	-	-	-	391	391	-	391
Total transactions with owners recognised directly in equity		2	175	-	-	407	584	-	584
Balance at 31 July 2017		211	31,261	9,239	14,889	24,873	80,473	-	80,473

YUGOV PLC
CONSOLIDATED STATEMENT OF CASHFLOWS

For the year ended 31 July 2017

	Note	2017 £'000	2016 £'000
Cash flows from operating activities			
Profit before taxation		7,914	5,526
Adjustments for:			
Finance income		(480)	(2,144)
Finance costs		226	945
Share of post-tax loss of associates		(103)	4
Amortisation of intangibles	7	6,508	5,567
Depreciation	8	1,174	819
Loss on disposal of property, plant and equipment and other intangible assets		7	-
Profit on the disposal of subsidiary undertakings		(94)	-
Share-based payments		1,488	1,111
Other non-cash items		-	(36)
Increase in trade and other receivables		(1,531)	(1,925)
Increase in trade and other payables		2,779	3,229
Increase in provisions		1,026	1,043
Cash generated from operations		18,914	14,139
Interest paid		(2)	(1)
Income taxes paid		(2,487)	(2,365)
Net cash generated from operating activities		16,425	11,773
Cash flow from investing activities			
Acquisition of interest in associates		-	(140)
Proceeds from the sales of subsidiary undertakings net of cash disposed of		150	-
Purchase of property, plant and equipment	8	(843)	(1,003)
Purchase of intangible assets	7	(6,968)	(5,080)
Proceeds from sale of plant, property and equipment		-	7
Interest received		8	12
Dividends received from associates		-	28
Net cash used in investing activities		(7,653)	(6,176)
Cash flows from financing activities			
Acquisition of non-controlling interests		-	(31)
Proceeds from the issue of share capital		175	35
Repayment of borrowings		-	(19)
Dividends paid to shareholders		(1,470)	(1,042)
Dividends paid to non-controlling interests		-	(14)
Net cash used in financing activities		(1,295)	(1,071)
Net increase in cash and cash equivalents		7,477	4,526
Cash and cash equivalents at beginning of year		15,553	10,017
Exchange gain on cash and cash equivalents		189	1,010
Cash and cash equivalents at end of year		23,219	15,553

YOUGOV PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 July 2017

Nature of operations

YouGov plc and subsidiaries' ("the Group") principal activity is the provision of market research.

YouGov plc is the Group's ultimate parent company. It is incorporated and domiciled in Great Britain. The address of YouGov plc's registered office is 50 Featherstone Street, London EC1Y 8RT United Kingdom. YouGov plc's shares are listed on the Alternative Investment Market of the London Stock Exchange.

YouGov plc's annual consolidated financial statements are presented in UK Sterling, which is also the functional currency of the parent company.

Basis of preparation

The following financial information does not amount to full financial statements within the meaning of Section 434 of Companies Act 2006. The financial information has been extracted from the Group's Annual Report and Financial Statements for the year ended 31 July 2017 on which an unqualified report has been made by the Company's auditors.

The consolidated financial statements of YouGov plc are have been prepared under the historical cost convention modified for fair values under International Financial Reporting Standards as adopted by the European Union (IFRS). These consolidated financial statements have been prepared in accordance with IFRS, IFRS Interpretations Committee (IFRS IC) and the Companies Act 2006 applicable to companies reporting under IFRS.

Financial statements for the year ended 31 July 2016 have been delivered to the Registrar of Companies; the report of the auditors on those accounts was unqualified and did not contain a statement under Section 498 of the Companies Act 2006. The 2017 statutory accounts will be delivered in due course.

Copies of the Annual Report and Financial Statements will be posted to shareholders shortly and will be available from the Company's registered office at 50 Featherstone Street, London, EC1Y 8RT.

YOUNGOV PLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 July 2017

1 SEGMENTAL ANALYSIS

The Board of Directors (which is the “chief operating decision maker”) primarily reviews information based on product lines, Custom Research, Data Products and Data Services, with supplemental geographical information.

2017	Custom Research £'000	Data Products £'000	Data Services £'000	Eliminations & Unallocated Costs £'000	Group £'000
Revenue	60,220	24,070	23,296	(538)	107,048
Cost of sales	(14,389)	(3,284)	(4,204)	538	(21,339)
Gross profit	45,831	20,786	19,092	-	85,709
Operating expenses	(36,928)	(13,756)	(13,359)	(7,138)	(71,181)
Adjusted operating profit	8,903	7,030	5,733	(7,138)	14,528
Amortisation of intangible assets					(6,483)
Other separately reported items					(488)
Operating profit					7,557
Finance income					480
Finance costs					(226)
Share of post-tax loss in joint ventures and associates					103
Profit before taxation					7,914
Taxation					(3,273)
Profit after taxation					4,641
Other segment information					
Depreciation	730	138	173	132	1,174

2016	Custom Research £'000	Data Products £'000	Data Services £'000	Eliminations & Unallocated Costs £'000	Group £'000
Revenue	54,318	16,629	17,905	(650)	88,202
Cost of sales	(13,753)	(3,007)	(3,394)	678	(19,476)
Gross profit	40,565	13,622	14,511	28	68,726
Operating expenses	(33,704)	(9,110)	(9,320)	(5,675)	(57,809)
Adjusted operating profit	6,861	4,512	5,191	(5,647)	10,917
Amortisation of intangible assets					(5,478)
Other separately reported items					(1,108)
Operating profit					4,331
Finance income					2,144
Finance costs					(945)
Share of post-tax loss in joint ventures and associates					(4)
Profit before taxation					5,526
Taxation					(2,111)
Profit after taxation					3,415
Other segment information					
Depreciation	506	108	112	93	819

YOUNGOV PLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 July 2017

1 SEGMENTAL ANALYSIS (CONTINUED)

Supplementary information by geography

Revenue and adjusted operating profit by geography based on the origin of the sale

	2017		2016	
	Revenue £'000	Adjusted operating profit/(loss) £'000	Revenue £'000	Adjusted operating profit/(loss) £'000
UK	27,139	8,575	24,927	7,150
USA	40,710	9,276	30,960	6,014
Germany	9,597	946	9,098	698
Nordic	8,895	962	7,577	942
Middle East	16,322	2,449	13,948	2,430
France	2,735	406	1,689	134
Asia Pacific	5,512	(908)	2,832	(586)
Intra-group revenues/unallocated costs	(3,862)	(7,178)	(2,829)	(5,865)
Group	107,048	14,528	88,202	10,917

^Operating profit/(loss) before amortisation of intangible assets and exceptional items.

Revenue by geography based on the destination of the customer

	UK £'000	Middle East £'000	Germany £'000	Nordic £'000	USA £'000	France £'000	Asia Pacific £'000	Intra- group revenues £'000	Group £'000
2017									
External sales	26,766	13,523	9,406	8,584	42,595	2,136	4,038	-	107,048
Inter-segment sales	1,752	281	772	528	2,764	187	390	(6,674)	-
Total revenue	28,518	13,804	10,178	9,112	45,359	2,323	4,428	(6,674)	107,048
2016									
External sales	24,654	10,819	8,722	7,451	32,563	1,789	2,204	-	88,202
Inter-segment sales	1,925	209	512	356	1,922	141	193	(5,258)	-
Total revenue	26,579	11,028	9,234	7,807	34,485	1,930	2,397	(5,258)	88,202

Inter-segment sales are priced on an arm's-length basis that would be available to unrelated third parties.

YUGOV PLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 July 2017

2 OTHER SEPARATELY REPORTED ITEMS

	2017	2016
	£'000	£'000
Restructuring costs	582	1,086
Profit on the disposal of subsidiary undertakings	(94)	-
Legal costs	-	157
Acquisition-related costs	-	(130)
Change in accounting estimation – contingent consideration	-	(5)
	488	1,108

Restructuring costs in the year included £265,000 in relation to the reduction of non-core custom operations in the Middle East and £317,000 arising from the establishment of centralised global operations and finance support functions.

The profit on the disposal of subsidiary undertakings was in respect of the disposal of Service Rating GmbH.

Restructuring costs in the prior year included £894,000 in relation to the restructuring of the Northern European units. Restructuring costs of £192,000 were also incurred in reorganising sales and marketing operations in the UK, reorganising the IT Development structure and reorganising the management structure in the US.

Legal costs in the prior year were incurred in connection with establishing operations in Thailand.

Acquisition related income in the prior year comprise the acquisition of Decision Fuel comprising a £53,000 reduction in contingent deemed staff costs and a £77,000 reduction in provisions in respect of transaction costs.

The change in estimated contingent consideration in the prior year is in respect of the Decision Fuel acquisition.

YUGOV PLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 July 2017

3 TAXATION

The taxation charge represents:

	2017 £'000	2016 £'000
Current tax on profits for the year	2,987	2,083
Adjustments in respect of prior years	305	173
Total current tax charge	3,292	2,256
Deferred tax:		
Origination and reversal of temporary differences	428	(309)
Adjustments in respect of prior years	(409)	85
Impact of changes in tax rates	(38)	79
Total deferred tax credit	(19)	(145)
Total income statement tax charge/(credit)	3,273	2,111

The tax assessed for the year is higher (2016: higher) than the standard rate of corporation tax in the UK.

The differences are explained below:

	2017 £'000	2016 £'000
Profit before taxation	7,914	5,526
Tax charge calculated at Group's standard rate of 20% (2015: 20.67%)	1,557	1,105
Variance in overseas tax rates	1,305	616
Impact of changes in tax rates	(38)	79
Gains not subject to tax	(25)	(7)
Expenses not deductible for tax purposes	45	7
Tax losses for which no deferred income tax asset was recognised	553	52
Adjustments in respect of prior years	(104)	258
Associates results reported net of tax	(20)	1
Total income statement tax charge for the year	3,273	2,111

On 8 July 2015, the UK corporation tax rate was reduced from 20% to 19% from 1 April 2017 and to 18% from 1 April 2020. On 15 September 2016 further changes to the UK corporation tax rates were made reducing the main rate to 17% from 1 April 2020. These changes have been substantively enacted at the balance sheet date and, therefore, are included in these financial statements. Deferred taxes at the balance sheet date have been measured using the enacted tax rates reflected in these financial statements.

4 DIVIDEND

On 12 December 2016, a final dividend in respect of the year ended 31 July 2016 of £1,470,000 (1.4p per share) (2015: £1,042,000 (1.0p per share)) was paid to Shareholders. A dividend in respect of the year ended 31 July 2017 of 2.0p per share, amounting to a total dividend of £2,106,000 is to be proposed at the Annual General Meeting on 6 December 2017. These financial statements do not reflect this proposed dividend payable.

YOUNGOV PLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 July 2017

5 EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the earnings attributable to Ordinary Shareholders divided by the weighted average number of shares in issue during the year. Shares held in employee share trusts are treated as cancelled for the purposes of this calculation.

The calculation of diluted earnings per share is based on the basic earnings per share, adjusted to allow for the issue of shares and the post-tax effect of dividends and/or interest, on the assumed conversion of all dilutive options and other dilutive potential Ordinary Shares.

The adjusted earnings per share has been calculated to reflect the underlying profitability of the business by excluding the amortisation of intangible assets, share-based payments, imputed interest, impairment charges, other separately reported items and any related tax effects as well as the derecognition of tax losses.

	2017 £'000	2016 £'000
Profit after taxation attributable to equity holders of the parent company	4,671	3,401
Add: amortisation of intangible assets included in operating expenses	6,483	5,478
Add: share-based payments	1,488	1,111
Add: imputed interest	20	27
Add: : other separately reported items	488	1,108
Tax effect of the above adjustments and adjusting tax items	(1,639)	(1,988)
Adjusted profit after taxation attributable to equity holders of the parent company	11,511	9,137

Reconciliations of the earnings and weighted average number of shares used in the calculations are set out below.

	2017	2016
Number of shares		
Weighted average number of shares during the year: ('000 shares)		
– Basic	105,453	103,944
– Dilutive effect of share options	4,670	3,361
– Diluted	110,123	107,305

The adjustments have the following effect:

Basic earnings per share	4.4p	3.3p
Amortisation of intangible assets	6.2p	5.3p
Share-based payments	1.4p	1.1p
Imputed interest	0.0p	0.0p
Other separately reported items	0.5p	1.0p
Tax effect of the above adjustments and adjusting tax items	(1.6p)	(1.9p)
Adjusted earnings per share	10.9p	8.8p
Diluted earnings per share	4.2p	3.2p
Amortisation of intangible assets	5.9p	5.1p
Share-based payments	1.4p	1.0p
Imputed interest	0.0p	0.0p
Other separately reported items	0.5p	1.0p
Tax effect of the above adjustments and adjusting tax items	(1.5p)	(1.8p)
Adjusted diluted earnings per share	10.5p	8.5p

YOUNGOV PLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 July 2017

6 GOODWILL

	Middle East £'000	USA £'000	Nordic £'000	Germany £'000	CoEditor £'000	Asia Pacific £'000	Total £'000
Carrying amount at 1 August 2015	1,416	16,945	7,012	9,159	569	692	35,793
Exchange differences	251	2,996	1,417	1,821	-	123	6,608
Carrying amount at 31 July 2016 and 1 August 2016	1,667	19,941	8,429	10,980	569	815	42,401
Exchange differences	15	186	502	640	-	2	1,345
Carrying amount at 31 July 2017	1,682	20,127	8,931	11,620	569	817	43,746
At 31 July 2017							
Cost	1,682	20,127	8,931	12,343	569	817	44,469
Accumulated impairment	-	-	-	(723)	-	-	(723)
Net book amount	1,682	20,127	8,931	11,620	569	817	43,746

The impairment in the year arose on the closure of BeField GmbH.

In accordance with the Group's accounting policy, the carrying values of goodwill and other intangible assets are reviewed annually for impairment. The cash-generating units ("CGUs") are consistent with those segments shown in Note 1. The 2017 impairment review was undertaken as at 31 July 2017. The recoverable amounts of all CGUs have been determined based on value in use calculations. This review assessed whether the carrying value of goodwill was supported by the net present value of future cash flows derived from assets using a projection period of five years for each CGU based on approved budget numbers.

The sources of the assumptions used in making the assessment are as follows:

- Growth rates are internal forecasts based on both internal and external market information.
- Margins reflect past experience, adjusted for expected changes.
- Terminal growth rates based on management's estimate of future long-term average growth rates.
- Discount rates based on Group WACC, adjusted where appropriate.

Annual EBITDA growth rates of 2.25% have been assumed in perpetuity beyond year five. The pre-tax weighted average costs of capital used to discount the future cash flows to their present values are Middle East 10% (2016: 10%), USA 17% (2016: 17%), Nordic 13% (2016: 13%), Germany 15% (2016: 15%) and Asia Pacific 12% (2016: 12%).

Management has considered reasonable possible changes in key assumptions and performed sensitivity analyses under these scenarios. This analysis shows that sufficient headroom exists and would not give rise to any further impairment.

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7 OTHER INTANGIBLE ASSETS

	Consumer panel £'000	Software and software development £'000	Customer contracts and lists £'000	Patents and trademarks £'000	Product development costs £'000	Total £'000
At 1 August 2015						
Cost	12,182	16,329	4,576	2,869	988	36,944
Accumulated amortisation	(9,985)	(10,740)	(2,727)	(2,403)	(737)	(26,592)
Net book amount	2,197	5,589	1,849	466	251	10,352
Year ended 31 July 2016						
Opening net book amount	2,197	5,589	1,849	466	251	10,352
Additions:						
Separately acquired	1,979	391	-	49	106	2,525
Internally developed	-	2,555	-	-	-	2,555
Amortisation charge:						
Business combinations	-	(128)	(465)	(169)	-	(762)
Separately acquired	(1,574)	(572)	-	(3)	(166)	(2,315)
Internally developed	-	(2,490)	-	-	-	(2,490)
Reclassifications	-	80	-	-	(80)	-
Exchange differences	312	211	283	48	20	874
Closing net book amount	2,914	5,636	1,667	391	131	10,739
At 31 July 2016 and 1 August 2016						
Cost	16,081	19,901	5,418	3,439	962	45,801
Accumulated amortisation	(13,167)	(14,265)	(3,751)	(3,048)	(831)	(35,062)
Net book amount	2,914	5,636	1,667	391	131	10,739
Year ended 31 July 2017						
Opening net book amount	2,914	5,636	1,667	391	131	10,739
Additions:						
Separately acquired	3,471	50	-	26	-	3,547
Internally developed	-	3,385	-	-	36	3,421
Amortisation charge:						
Business combinations	-	(226)	(562)	(173)	-	(961)
Separately acquired	(2,219)	(534)	-	(8)	(60)	(2,821)
Internally developed	-	(2,726)	-	-	-	(2,726)
Disposals	-	-	-	-	(71)	(71)
Exchange differences	34	15	31	4	2	86
Closing net book amount	4,200	5,600	1,136	240	38	11,214
At 31 July 2017						
Cost	19,768	23,374	5,548	3,581	900	53,171
Accumulated amortisation	(15,568)	(17,774)	(4,412)	(3,341)	(862)	(41,957)
Net book amount	4,200	5,600	1,136	240	38	11,214

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8 PROPERTY, PLANT AND EQUIPMENT

	Freehold property £'000	Leasehold property improvements £'000	Computer equipment £'000	Fixtures and fittings £'000	Motor vehicles £'000	Total £'000
At 31 July 2015						
Cost	1,416	1,011	2,376	1,302	103	6,208
Accumulated depreciation	(329)	(333)	(1,705)	(826)	(42)	(3,235)
Net book amount	1,087	678	671	476	61	2,973
Year ended 31 July 2016						
Opening net book amount	1,087	678	671	476	61	2,973
Additions:						
Separately acquired	-	178	576	249	-	1,003
Disposals	-	(7)	-	-	-	(7)
Depreciation	(75)	(176)	(398)	(144)	(26)	(819)
Exchange differences	184	73	81	72	8	418
Closing net book amount	1,196	746	930	653	43	3,568
At 31 July 2016						
Cost	1,667	1,248	3,082	1,692	121	7,810
Accumulated depreciation	(471)	(502)	(2,152)	(1,039)	(78)	(4,242)
Net book amount	1,196	746	930	653	43	3,568
Year ended 31 July 2017						
Opening net book amount	1,196	746	930	653	43	3,568
Additions:						
Separately acquired	-	61	659	86	37	843
Disposals	-	(1)	-	(6)	-	(7)
Depreciation	(87)	(205)	(609)	(243)	(30)	(1,174)
Exchange differences	14	8	16	10	-	48
Closing net book amount	1,123	609	996	500	50	3,278
At 31 July 2017						
Cost	1,682	1,312	3,787	1,788	158	8,727
Accumulated depreciation	(559)	(703)	(2,791)	(1,288)	(108)	(5,449)
Net book amount	1,123	609	996	500	50	3,278

All property, plant and equipment disclosed above in both the year ended 31 July 2017 and 3 July 2016, with the exception of those items held under lease purchase agreements, are free from restrictions on title.

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For the year ended 31 July 2017

9 TRADE AND OTHER RECEIVABLES

	31 July 2017	31 July 2016
	£'000	£'000
Trade receivables	18,441	16,542
Other receivables	2,367	2,004
Prepayments	1,886	1,646
Accrued income	8,549	8,925
	31,243	29,117
Provision for trade receivables	(544)	(474)
	30,699	28,643

The Directors consider that the carrying amount of trade and other receivables approximate to their fair value.

As at 31 July 2017, trade receivables of £10,660,000 (2016: £10,101,000) were overdue but not impaired. These relate to a number of customers for which there is no recent history of default or any other indication that the receivable should not be fully collectable. The ageing analysis of past due trade receivables which are not impaired is as follows:

	31 July 2017	31 July 2016
	£'000	£'000
Up to three months overdue	6,391	4,752
Three to six months overdue	3,011	4,467
Six months to one year overdue	479	631
More than one year overdue	779	251
	10,660	10,101

Movement on the Group provision for impairment of trade receivables is as follows:

	2017	2016
	£'000	£'000
Provision for receivables impairment at 1 August	474	235
Provision created in the year	206	368
Provision utilised in the year	(140)	(159)
Exchange differences	4	29
Provision for receivables impairment at 31 July	544	474

The creation and release of the provision for impaired receivables has been included in the Consolidated Income Statement. The other classes within trade and other receivables do not contain impaired assets. The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above.

YOUNGOV PLC

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For the year ended 31 July 2017

9 TRADE AND OTHER RECEIVABLES (CONTINUED)

The average length of time taken by customers to settle receivables is 58 days (2016: 59 days). Concentrations of credit risk do exist with certain clients with which we have trading relationships but none has a history of default and all command a certain stature within the marketplace which minimises any potential risk of default. Material balances (defined as greater than £250,000 (2016: greater than £250,000)) represent 43% of trade receivables (2016: 39%).

At 31 July 2017, £261,000 (2016: £nil) of the trade and other receivables of YouGov Nordic and Baltic A/S were used as security against a loan and revolving overdraft facility held by YouGov Nordic and Baltic A/S. The Group does not hold any other collateral as security.

10 TRADE AND OTHER PAYABLES

	31 July 2017 £'000	31 July 2016 £'000
Trade payables	1,745	1,557
Accruals	12,887	11,295
Deferred Income	10,697	9,399
Other payables	4,060	3,588
	29,389	25,839

Included within other payables are £71,000 (2016: £56,000) of contributions due in respect of defined contribution pension schemes.