

# Ebiquity

## AdIntel disposal faces additional scrutiny

The Competition and Markets Authority (CMA) has ruled that Ebiquity's (EBQ) proposed divestment of its AdIntel business to Nielsen raises competition issues within the UK market. Ebiquity and Nielsen have been invited to propose solutions to counter the concerns raised by the CMA, otherwise it will go ahead with a more in-depth (phase 2) investigation.

| Year end | Revenue (£m) | EBIT* (£m) | PBT* (£m) | EPS* (p) | DPS (p) | P/E (x) | Yield (%) |
|----------|--------------|------------|-----------|----------|---------|---------|-----------|
| 12/16    | 83.6         | 13.0       | 11.8      | 11.3     | 0.65    | 5.7     | 1.0       |
| 12/17    | 87.4         | 12.0       | 11.0      | 9.4      | 0.71    | 6.9     | 1.1       |
| 12/18e   | 91.2         | 11.3       | 10.2      | 8.9      | 0.78    | 7.2     | 1.2       |
| 12/19e   | 96.5         | 12.1       | 11.2      | 9.7      | 0.84    | 6.6     | 1.3       |

Note: \*PBT and EPS are normalised, excluding amortisation of acquired intangibles, exceptional items and share-based payments.

In February, EBQ announced the proposed disposal of its AdIntel business to Nielsen, for £26m, subject to CMA approval. The CMA has reported its initial findings on the sale and has found that given 'the companies are each other's closest competitor in the supply of intelligence on international advertising to UK customers ... this merger may be expected to result in a substantial lessening of competition within a market or markets in the United Kingdom'.

Both companies have been invited to propose acceptable undertakings to offer a solution to the CMA's competition concerns by 20 June, otherwise the deal will be referred for a more in-depth Phase 2 investigation.

The proposed disposal of AdIntel will allow EBQ to focus its resource on the areas of its business with greatest potential for growth and higher margins, in line with the group's Growth Acceleration Plan (see our September 2017 [Outlook note](#)). The sale proceeds would reduce the pro forma net debt/EBITDA ratio from 2.1x to 1.0x as at end December 2017, strengthening the balance sheet and facilitating additional investment in enhancing the group's tech-enabled consultancy offering.

Our published forecasts include the AdIntel business on a continuing basis, although in our recent report, [Improving growth profile](#), we also show pro forma forecasts.

## Disposal and trading update

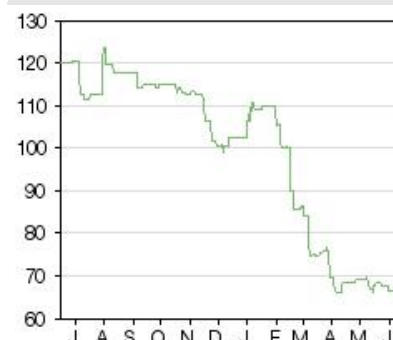
Media

14 June 2018

**Price** 64.5p  
**Market cap** £51m

|                           |       |
|---------------------------|-------|
| Net debt (£m) at Dec 2017 | 28.9  |
| Shares in issue           | 78.4m |
| Free float                | 99%   |
| Code                      | EBQ   |
| Primary exchange          | AIM   |
| Secondary exchange        | N/A   |

### Share price performance



### Business description

Ebiquity is an independent marketing analytics specialist providing a range of business-critical data, analysis and consultancy services to advertisers and media owners on an international basis. It operates across three divisions: MPO (Marketing Performance Optimisation), MVM (Media Value Measurement) and MI (Market Intelligence, which is being disposed of).

### Analysts

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