Transcript

Station:		Date:	**01/08/2017**
Program:		Time:	**09:03 AM**
Item:	**ISENTIA FY17 TRADING UPDATE WITH JOHN CROLL, CEO AND JAMES ORLANDO, CFO.**		

Audience:	Male 16+	Female 16+	All people
	5000	8000	14000

JOHN CROLL: Good morning and thank you for joining this trading update call at short notice. With me today is James Orlando, Isentia's new CFO, who joined the company in late June. In preparing for the full year result, we determined that our previous guidance to the market for FY17 earnings would not be met. Additionally, the board has made the decision to take an impairment charge against King Content.

To begin with, I will provide a high level overview of our updated earnings expectations. I'll then hand over to Jim to provide more detailed analysis of the earnings shortfall, the decision to write down King Content and Isentia's balance sheet position at year end. I'll then finish off with some commentary on initiatives that are underway to support FY18 performance. Following these remarks, Jim and I will be happy to take your questions.

So for FY17, based on preliminary, unaudited financial accounts, Isentia expects to report revenue of $155.1 million and underlying EBITDA of $41.5 million. This compares with our previous expectations of revenue in line with consensus estimate of $162 million and EBITDA in line with consensus estimate of $44 million.

There is no change to Isentia's dividend policy of 50 per cent payout of underlying NPATA.

The Media Intelligence SaaS and VAS business is expected to report revenue of $141 million, an increase of 4 per cent year on year. ANZ is expected to report a revenue increase of 1 per cent and Asia a revenue increase of 16 per cent. Media Intelligence SaaS and VAS EBITDA, including corporate overhead, is expected to be $46 million, a 3 per cent decline year on year.

Content marketing is expected to report revenue of $14.2 million, down 30 per cent year on year. An EBITDA loss of $4.4 million is expected, compared with an EBITDA profit of $3.6 million in FY16.

While it is disappointing to have to provide these lower earnings updates for FY17, looking forward we have put in place a number of initiatives to improve operating performance across the business. The challenging competitive environment we faced in FY17 H1 has improved, with Isentia winning back 50 net clients from its competitors in Australia in FY17 H2.

I'll now hand over to Jim to talk through the financials in greater detail.

JAMES ORLANDO: Thanks, John. Good morning everyone.

Before I get into the detail of the trading update, I wanted to make a couple of remarks since this is my first opportunity to talk to you as Isentia's new CFO. Some of you may know me from my previous roles, including most recently as CFO of Veda Group.

I will briefly say that in my short time here I have been impressed with the team that John has built, the products we've developed, and the technology underpinning our core business. While this is a challenging time right now, I am excited to be part of the company as we take on the next horizon.

Now to the business at hand. Isentia's previous guidance was provided to the market on 3 May 2017. Updated expectations are the result of the following factors: $0.5 million impact from a bad debt clean-up in Asia; $0.3 million currency translation impact on Asia earnings; $1.4 million increase in the expected operating losses from King Content; delays in the deployment of Mediaportal in Korea and price increases in ANZ impacting Q4 revenue. Isentia additionally launched a VAS sales campaign, which drove strong billing momentum but did not benefit Q4 revenue as had been expected, and finally, cost management initiatives did partially offset the EBITDA impact of the Q4 revenue shortfall.

As a result of the financial performance of King Content during FY17, the board has decided to write down the value of the business. This is expected to result in an impairment charge of $37.8 million in FY17. The impairment is non-cash and does not impact on our banking covenants.

The King Content brand is being discontinued and its operations fully integrated into Isentia under the Isentia brand. And we have closed the King Content New York and Hong Kong offices and will continue to service our US clients out of the UK and Hong Kong clients out of Singapore. We have further reduced the ongoing headcount in the content marketing business.

Finally, Isentia's balance sheet remains strong. Net debt has actually declined to $51.7 million as at 30 June from $56.4 million as at 31 December 2016, and it reflects a modest leverage ratio of 1.2 times.

I'll now hand back to John to talk through the initiatives underway for FY18.

JOHN CROLL: We are clearly disappointed with the performance of the business during FY17, particularly the King Content operations. The board and the management remain confident in the marketing position and growth potential for Isentia.

Our focus is now on leveraging our core business where we have a significant market share, and enhancing and broadening our products as we deliver the most comprehensive media intelligence and insights to our customers in FY18.

Key initiatives underway to improve FY18 performance include the focus on churn reduction through continued client wins and aggressively protecting copyright in ANZ, plans to leverage recent product enhancements including driving new revenues from the rollout of Stories and Mediaportal upgrades. We've reorganised the sales roles in our business and a focus on growth to increase current low penetration of Insights products in ANZ, and further implementation of operating efficiencies through the increased use of automation. In addition, the full integration of the King Content brand will deliver cost efficiencies.

The performance issues experienced during FY17 are being addressed and the shareholders can expect to see positive changes through FY18.

Jim and I are now happy to take questions so I'll hand back to the operator to run the Q and A.

OPERATOR: Your first question comes from Benjamin Harding, who is a private investor. Please go ahead.

Mr Harding has de-registered his question.

Your next question comes from Wassim Kisirwani with Deutsche Bank. Please go ahead.

WASSIM KISIRWANI: Good morning John and Jim. Just a question on the client growth, please. You've noted that you've won 50 net clients back from competitors, but can you give us a sense of what net client growth looks like in ANZ over the fourth quarter and what sort of churn rate you've seen over the fourth quarter?

JOHN CROLL: So client growth is stable across the ANZ business in the fourth quarter, so there has been no churn, or net churn, over that period. So we have been winning clients from our competitors and the losses have been minimal across the business, so we have a stable client number across the fourth quarter in ANZ.

WASSIM KISIRWANI: Okay. You note the plan to drive new revenues from Storyview and Mediaportal's upgrade, can you elaborate on that? What's the status of Storyview at the moment, and also what sort of pricing initiative you've planned around Storyview and Mediaportal over FY18?

JOHN CROLL: Stories is out with 300 clients at the current time. That was always the plan. We released that in late May to the client base across ANZ. So 300 clients, which was a good cross section across our client base. We're getting feedback from those clients around the functionality and the features that they've got. We've got a development team working on those feature requests and then that will drive a new product price, which is around about 4 per cent on average across the client base in revenue. So we haven't got an absolute date based on that yet Wassim, but we've always sort-of thought it was around the September timeframe, that's where we've been with Stories. That's where we still sit on the Stories business at the moment, so average 4 percent. It's for a product, it's not for a price increase. Clients will have the opportunity to opt out.

The rest of the increases, we're thinking around Q2. We delayed them. We really wanted to get the competitive environment right in the ANZ marketing from quarter three and quarter four. So we've maintained our client base, we've been strong around- we've got our new Mediaportal Recharge product, we've put Stories to those 300 clients and we've got a new mobile app, now we think we're in a much stronger position to have those discussions from September onwards on price increases. It won't be across the board price increases, it will be very much dedicated from client to client, but we're sort of talking around about that 3 per cent price.

WASSIM KISIRWANI: Okay, and that will be in addition- you've put through a fourth quarter price increase as well that you point to as not having an impact over the fourth quarter?

JOHN CROLL: Wassim, we didn't put any price increase in the fourth quarter. It was delayed, we pushed back, that's what was meant by the …

WASSIM KISIRWANI: [Interrupts] Okay, and just on King Content. It just seems there's a consistent lack of visibility over what's going on in that business. Are you able to offer any further colour on what's gone on there in terms of the '18 outlook for King Content? You have obviously taken an impairment, but no comments around provisions for redundancies or cost savings. Is there a plan to eliminate the losses in that business? Are you expecting that business to continue making losses in '18?

JOHN CROLL: So we have to eliminate the losses of the business, and the board and ourselves have built a very strong plan around the first quarter around benchmarks that it will have to reach. The redundancies have already been taken up; we've taken the headcount down to about a 62 headcount in that business, where it was up over around 100 at its peak. So those changes have already been made to the business. The New York business office is closed, the Hong Kong office is closed, and we're just servicing those clients out of those areas.

The area where the visibility has been, the old client contracts had a basis on amplification – or using other people's platforms to push that content – so it was more paid advertising. The new content contracts that we've signed are very much around strategy and just building our own content, and haven't got those onerous charges to amplify the content. We're still running out a few of those contracts, but we've got much better visibility on that position now and we've already taken the changes on the business. So a headcount has already been done.

WASSIM KISIRWANI: Okay. And so at that $14 million revenue rate that King Content has made over '17, what sort of loss would you expect if that's the revenue in '18?

JOHN CROLL: It is a break-even around those numbers, Wassim.

WASSIM KISIRWANI: Okay, thank you. Just one final question from me, just on the speculation and that spin around a suitor for the business. Are you able to confirm whether there have been any offers for the business, or parts of the business, over the last three to six months?

JOHN CROLL: There's nothing to report, Wassim.

WASSIM KISIRWANI: Great, thank you.

OPERATOR: Your next question comes from Tim Plumbe with UBS Investment Bank.

TIM PLUMBE: Hi guys, how are you going? Wassim asked a couple of my questions, so just one main question from me. When we're looking at the Australian media intelligence revenue increase of plus 1 per cent in FY17, it was plus 5 per cent in the first half '17 if I remember correctly. Can you talk a little bit more in detail about the second half '17 revenue decline or where you're seeing the pressure within that Australian media intelligence business? And given that VAS revenues were up 15 per cent in the first half, does that mean that these have gone backwards in the second half in terms of insights or data based revenue?

JOHN CROLL: Hey Tim. So in the first half we did have price increases that were related to the change in copyright in the first half. Then we had the November-December where we lost a couple of the larger clients to our competitor, which sort of took the momentum out of the second half. That's the difference of, you know, we're rolling back some of those price increases after the first half. So rolling back the price increases, a couple of losses late in the first half, gave that change in revenue performance in the second half of the SaaS business. Where we've been really strong on is retaining the clients, so churn rate – as we've talked about with Wassim's questions – very much under control and below our historic norms, and actually winning clients in the marketplace. Winning net clients from our

	competitors from just a more positive stance around where the products sit and also where our decisions have been on how we're going to work with copyright in the marketplace. So that's the differences in the two halves there, Tim.
TIM PLUMBE:	So just to be clear, insights and database penetration has continued to increase from the first half into the second half?
JOHN CROLL:	Database is pretty flat, insights is definitely growing, and it had a good campaign in quarter four with revenue being recognised over a longer period. So it's given us good momentum for the Insights business in to the first quarter of FY18
TIM PLUMBE:	Great, thanks guys.
JOHN CROLL:	Thanks Tim.
OPERATOR:	Your next question comes from Matthew Johnston with Shaw & Partners.
MATTHEW JOHNSTON:	Morning John, morning James. I'm probably going to repeat a couple of the questions. I just want to get more clarity around the ANZ growth of 1 per cent. In terms of the minimal impact, is that both client numbers and revenue?
JOHN CROLL:	What do you mean by minimal impact, Matt?

MATTHEW JOHNSTON: In terms of the- so obviously the client churn is probably less than 5 per cent, is that also for the revenue impact below 1 per cent?

JOHN CROLL: It is less than 1 per cent, but you do have to carry over those November-December clients, which were the larger clients that rolled out of the business. But the actual revenue churn in the second half is less than the 1 per cent.

MATTHEW JOHNSTON: Okay. So just going on to the delays in price increases and rolling back some prices, what sort of comfort do you have going into next year, if the competitive environment stays the same, that they will stick?

JOHN CROLL: I think, if you go back to our first half, we had price increases going against the copyright. Now we're in a situation of the mobile app being put in, Recharge putting in, and the reports and alerts as the new product release happening at the end of August. The feedback we've got from our clients, the NPS scores and the retention levels are all strong, so we're in a much different market dynamic from our competitive position to where we were in those first six months last year. We have confidence, but we're being- it isn't just a letter that's going out to clients, it's a sit down with clients individually and working through their contracts and what value they see in our services. So it's a much different approach to how we're doing it, and we've very much orientated our teams now, so a completely different structure around our client success teams and our new sales teams. So there is a confidence around that sticking because of the work that we've done around the products and the attention to detail for the service.

MATTHEW JOHNSTON: Okay, and just lastly from me. The net 50 clients won over the second half, can you split that out between third quarter and fourth quarter?

JOHN CROLL: I haven't got that here, Matt.

MATTHEW JOHNSTON: Okay, no worries. I'll follow up with you later. Thanks a lot John, thanks James.

OPERATOR: Your next question comes from Jennifer Kruk with Macquarie Group.

JENNIFER KRUK: Good morning John, good morning Jim. I was wondering if you can just- you talked a little bit about Stories in ANZ. Can you talk a little bit about how you're thinking about that product rollout in Asia, and similarly around the pricing strategy potentially as well?

JOHN CROLL: In the release today, Jen, we talked about a delay with Korea just in the Asian Recharge product because we moved the resources to a number of the English platforms of Mediaportal. So we wanted to get Stories out, and we wanted to get the reports and alerts function out. We are pushing out an Asian version of Mediaportal in the Recharge mode in September-October and then Stories will roll after that. We've still got to work on a multilingual algorithm for the Stories product, so it will be in late Q2 of this year that Stories is starting to rollout into Asia, but they'll get the benefits that they'll have the product that's had all the features built into it.

So just to sort of bring that together, a new version of Recharge is going into Korea and to other markets from September onwards in Asia, and at the end of Q2 we'll have Stories ready for the Asian market.

JENNIFER KRUK: Okay, great, thanks. And then, Jim, I'd just be interested- just quickly, you've talked about your first impressions on the business, already seem to have made an impact potentially with the bad debts policy and also writing down King Content to zero. Is there anything else you're sort of looking at or sort of seeing in terms of your early impressions within the business?

JAMES ORLANDO: Well, Jen, I'd say it's early days for me. Obviously this is a challenging activity in the first month, but I think John and the team have been quite open-minded to looking across the business and kind of taking a review of the business, getting our facts straight before we make too many pronouncements on the outlook to the future. For me, it's a great business that has great scalability in the core business and the technology platform, so we'll be looking to leverage that.

JENNIFER KRUK: Okay, great, thanks. And just one last one, I'm not sure if you're able to, John, but any comments you can make around the litigation proceedings with Meltwater that would be great.

JOHN CROLL: Look, they're just still going through. Meltwater have got until 1 September to file their defence, Jen. So really it's a situation that we'll wait until that is filed and then we'll be taking it on. We're confident of our position, but I think we'll let the courts take their process.

JENNIFER KRUK: Great, thanks very much.

OPERATOR: Your next question comes from Wayne Arthur with Moneros Superannuation Fund.

WAYNE ARTHUR: Good morning. At the 2016 AGM, you indicated that King Content had incurred a loss of $2 million, but you expected there to be a positive contribution for the whole year. At the half-yearly update, that projected loss had blown out to $3 million. We now learn today that the full year EBITDA loss of King Content has gone to $4.4 million. Is King Content making money today?

JOHN CROLL: Not today, Wayne, no.

WAYNE ARTHUR: How can we have any confidence in your ability to turn it around, given your past history of forecasting which went from $2 million loss to $3 million, now an actual of $4.4 million?

JOHN CROLL: Look, I think it's a good question, Wayne. We've obviously changed the management group in the King Content business completely. So under Matt Stanton, he's done a complete review of the business and we've taken the actions from that time to close the New York office, which was the largest loss-making office, and support those clients out of New York from the UK business. We've done the same with Hong Kong and we've taken the headcount down to 62. So I can understand your question, but the scenario of what we've got in that business is very different now from where we've been before. I think Jim also has taken a root and branch look at the revenue and the revenue recognition in that business. So I think there are a number of things that we've already taken, and then I think the other side of what we're doing now is taking it away from King Content and bringing it in under the Isentia business. It is very much under the construct of how we manage our businesses.

So we have been integrating, integrating, but this is the absolute position of where we've- it is inside our business, all the controls are in that business, and those contracts- we took the position to still service those contracts and I think those clients will turn into good clients for us in the long term when we've reconstructed those contracts into more around the strategy and the content, which is our strength. The pipeline in the business is the strongest it's been for new sales in the Australian marketplace, and we've signed all the major contracts back on new agreements in the UK.

But I understand your question. We know we've got to absolutely focus extremely hard completely on the business to get it into shape, and I think the board and ourselves have got a very clear picture of what our marks are through the first quarter to give the confidence that the business will make a positive contribution next year.

WAYNE ARTHUR: Thank you.

OPERATOR: Your next question comes from Stuart Oldfield with Field Research.

STUART OLDFIELD: G'day, John. Can you just make some comments about the 50 clients that you've won back? Perhaps, particularly at the platinum end, about the pricing you need to implement, or the price cuts that you'll need to take to win back those customers? For instance, in the case of some of the platinum customers, has it been more than 20 per cent?

JOHN CROLL: Yeah. So Stuart, there hasn't been a lot of platinum wins as yet. The platinums usually sort of take a 10 month turnaround time to come back, is the average, and we're not at that level yet. We're definitely having talks to some of those platinum clients we lost in November-December. So the clients that we've won, those 50 net, has been of sort of around the silver spend rates – you know, that sort of $20,000-odd spend rate. That's been the average contract value coming back to the business. In the retention of the platinum-golds, there hasn't been significant discounting. The market has settled down tremendously from where the first half was. You know, there were deep discounted being offered to our clients in the first half; now it is a much more stable environment around pricing from where competitors are sitting and where ourselves are sitting as well.

STUART OLDFIELD: I think you made reference to one singular competitor, but if I can call a new entrant a second-tier player, do you see any real competitive threat from them in terms of their product offering, or it's not yet in the ballpark?

JOHN CROLL: I think it's a work in progress. I think we've certainly- it doesn't have the full content environment, but it's a work in progress. So we're definitely keeping a good eye on any competitor coming into the marketplace, but I feel that clients are still very much around- the relevance engine incredibly important, and the comprehensiveness of both the content that you get and the account management team. So when we put those two things together, we're very confident about our position.

STUART OLDFIELD: Am I right in thinking that storage- if I'm a platinum client, I've now seen Storyview, is that the case? Or it's still a bit more selective than that?

JOHN CROLL: A majority of platinum clients have had a good look at Stories, yeah.

STUART OLDFIELD: Got you. And just finally from me, this wonderful conference in Bangkok that you missed and led to a great deal of speculation about the future of the company. What was the thinking behind not attending?

JOHN CROLL: Stuart, I've been to probably 15 FIBEP meetings and about 12 AMEC meetings, and I think it's time for the rest of the guys to build their networks and have their time at those conferences. So, you know, we're busy running the business and keeping focus in it. We had a great team up there and it was great that we won company of the year again for insights and research, but you shouldn't read anything in it. There was nothing to report. It was only coincidence that someone else wasn't there as well. It was purely coincidence.

STUART OLDFIELD: But the decision wasn't there?

JOHN CROLL: Yeah.

STUART OLDFIELD: Got you. Alright, thank you.

OPERATOR: Your next question comes from Kieran Kennedy from AFIC.

KIERAN KENNEDY: Yes, hi John. Just, I guess, going back to Tim's earlier question about revenue first half, second half, I think I sort of understand what you're saying there, but if you talk about revenue in terms of where the consensus was that you confirmed in May versus where you ended up, sort of $7 million difference, because a lot of the bridge you've given on the EBITDA, I guess those sort of things seem like they flow right through from revenue. So it seems there's more to it in terms of the revenue, so can you just perhaps outline the revenue change, media intelligence versus King Content perhaps is that seven difference? Can you sort of give me a breakdown there please?

JOHN CROLL: Yeah. So certainly four quarter is usually strong in the media intelligence space because price increases are going in in the Australian marketplace, and just because of the amount of content that's delivered around budgets and such. So we didn't see that sort of increase from the price increases in the Australian marketplace. So that was in the order of half a million dollars for the no price increases in the ANZ market. The Korea delay was on the Insights business as well, where we were looking- we've got a number of clients there. We haven't lost those from the pipeline, but there's a half million dollars in that quarter as well for Korea, and so that's why we'll be rolling out Mediaportal to Korea in September.

We sort of took some decisions around Stories to get it into a strong position before we start charging that sort of average 4 per cent. So it's around about 200,000 per month, and in the original forecast that was coming in in part of the fourth quarter. The value-added services campaign that we ran in the last quarter has been actually very successful, it's showing up in the billing data, but a lot of that is longer term contracts. So that's actually seen about a half a million dollars move over into the first quarter of this area, and then we had the Asian impact of about 300,000.

So that's sort of the breakdown of the media intelligence part to the business, and then I think you've got- the rest is a combination of just where King Content fell into as well. So that sort of gives you a breakdown, Kieran, of where our thinking was at that time.

KIERAN KENNEDY: Sorry, just to clarify on that VAS billing momentum, so you basically- you're getting encouragement that people are signing on, but it's dropped over into the next half, is that right? So we should see that as a benefit in '18?

JOHN CROLL: Yeah, they're longer term campaigns. So instead of just being one-off reports or short projects, they're longer term contracts, so the revenue recognition is over a longer period of time for the contract.

KIERAN KENNEDY: Okay.

OPERATOR: Your next question comes from Tim Plumbe with UBS Investment Bank.

TIM PLUMBE: Hi guys. Sorry, just a follow up question from me if possible, please. The cost management initiative that you talk about that were kind of implemented in the fourth quarter, can you talk about what they are and what the full year annualised benefit should be going into FY18, and then any other cost out initiatives? And if you are able to put any kind of quantum around those, that would be great.

JOHN CROLL: Yeah, so I think we talked about, Tim, about the movement to the content hub in the Philippines, that more roles were being moved up to the content hub. So that's continued to happen over the fourth quarter. I'll let Jim see what he wants to talk about, sort of an annualised rate, but the initiatives were content hub, repricing of some outsourcing deals around our media intelligence businesses, and just general automation that has helped with the new data-as-a-service platform, where we're more efficient on our online and our social content to the ANZ business, and then that will roll into Asia for next year around our online and social. So they were the cost initiatives that definitely assisted the fourth quarter, or clawed back some of that performance for the fourth quarter. Jim's probably in the situation that we don't want to give too much. You know, we want him to go through the numbers in great detail before we make any further on the guidance for the annualise, but I'll let Jim talk if he wants to on anything on that.

JAMES ORLANDO: No, I think that's great. I think just in general the company was very focussed on cost in Q4, and obviously I got here at the end of Q4. I think the initiatives that have been articulated will roll out in FY18 during the year. So for my part, and I think we've agreed that we'll provide an outlook of FY18 at a later period of time, not right now.

TIM PLUMBE: Okay. And John, sorry, just to clarify, so those cost out initiatives, were those above and beyond the cost out initiatives that you were talking about at the first half?

JOHN CROLL: No, they were the ones planned. Definitely we're very focussed on the costs, as Jim just talked about, but all those initiatives that we talked about after the H1 result, Tim, we were just focussed on rolling those out. So they're the ones that you're already knowledgeable about and seen before.

TIM PLUMBE: Okay, great. Thanks guys.

OPERATOR: Your next question comes from Ray David with Schroders Investment Management.

RAY DAVID: Good morning, John. Just a question on the customer wins. Could you just make a comment on whether the tier one customers that left a year ago, whether they've come back? And how much of those 50 customers are tier one versus smaller customers?

JOHN CROLL: Thanks, Ray. So the 50 clients – net clients, so it's a net client win – they're not in the tier one space. They're not in that platinum sort of environment. They're more in the sort of silver spend, around that 20,000 average contract value, and that trend is continuing. And the platinum clients that were lost last year, clients that were lost earlier in the year, we've had good success in winning those clients back, but the November-December clients who left us, who were platinum clients over that period of time, we haven't won those clients back yet. We're definitely having discussions, but there's nothing that I can add to that.

RAY DAVID: Okay. And you commented that customers are signing up for longer periods; can you provide some colour in terms of are they going out from one to three years, or two years, or?

JOHN CROLL: That's more in the Insights business, so in the analysis and research reports that we're doing. So when we're sort of selling in a campaign mode with those clients, they're often sort of three month contracts where we're doing a brand analysis or an end of year report, all those sorts of things. What we saw through that campaign, that we were winning annual contracts. So the contract value is obviously being recognised over the 12 months, so there wasn't such an impact in the quarter four. So just in that campaign that we ran around our Insights, much more of our annual contracts – instead of sort of three month contracts – is the difference.

RAY DAVID: Okay, thanks.

OPERATOR: Once again, if you wish to ask a question, please press *1 on your telephone and wait for your name to be announced. Your next question comes from Matthew Johnston with Shaw & Partners. Mr Johnston, your line is open.

MATTHEW JOHNSTON: Hello. Morning guys.

JOHN CROLL: Hey, Matthew.

MATTHEW JOHNSTON: Just a quick one from me. If you take sort of an exit run rate of your quarter four ANZ SaaS business, can you give an annualiser? Can you give a year-on-year decline from FY16 in the ANZ SaaS?

JOHN CROLL: So we haven't provided the number yet, Matt, and we're sort of not- we'd much rather Jim gets into a position of being right across every number in the organisation before we look forward on that. Obviously we've got initiatives for the year coming up with the good products in place. So it's not talking about your exit rate, but we obviously think the clients have stabilised and we're in a strong position. So that gives us a much better position, but …

JAMES ORLANDO: I guess what I would say is, I mean, you can do the math and see that the H2 versus H1, you can see that's directionally negative. I just encourage you not to necessarily annualise that because, as John said, there has been a lot of good work done on client stabilisation, and as we said the billings were encouraging in June. But as I said before, we're going to resist the urge to provide FY18 guidance at this time, other than to address the situation at hand right now. And we're doing a lot of work to really get that level of knowledge so that, at a later period of time, we can provide you a forward-looking statement that we'll definitely have a lot of confidence in.

MATTHEW JOHNSTON: Yeah, that's fair. I think it would just help for us to – from the sell side and the buy side – just to figure out where the base is going into next year so we can get our growth rates right, but we'll have to wait for the results. Thanks guys.

OPERATOR: That does conclude our question and answer session. I'll now hand back to Mr Croll for closing remarks.

JOHN CROLL: Thanks everybody for being on the call. Obviously we're disappointed with where the performance has been, but we're very, very focussed around what we're doing inside the organisation, and we'll see you on 23 August. So thanks very much. Bye-bye.

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