

Q4 & Financial Year 2018 Earnings Slides

FEBRUARY 28, 2019

Cautionary Note

- This presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 and other federal and state securities laws. Forward-looking statements are those which are not historical facts and include, without limitation, comments about our expectations, forecasts, plans and opinions, including with respect to financial and operational performance. These and other statements that relate to future results and events are based on our expectations as of today, February 28, 2019. Our actual results in future periods may differ materially from those currently expected because of a number of risks and uncertainties. These risks and uncertainties include those described in our most recent 10-K and 10-Q filings, which you can find on ir.comscore.com or www.sec.gov. Please review these documents for a more complete understanding of these risks and uncertainties.
- Investors are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date of this presentation. We disclaim any duty or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.
- This presentation contains information regarding adjusted EBITDA, adjusted EBITDA margin, and non-GAAP operating expense, which are non-GAAP financial measures used by our management to understand and evaluate our core operating performance and trends. We believe that these non-GAAP measures provide useful information to investors and others in understanding and evaluating our operating results, as they permit investors to view our core business performance using the same metrics that management uses.
- Our use of these non-GAAP measures has limitations as an analytical tool, and investors should not consider these measures in isolation or as a substitute for analysis of our results as reported under GAAP. Instead, you should consider these measures alongside GAAP-based financial performance measures, net income (loss), various cash flow metrics, and our other GAAP financial results. See the appendix to this presentation for additional information regarding our use of non-GAAP financial measures.

Key Q4 Highlights

1

TV & Cross-Platform revenue for Q4 **increased 30%+ Year-over-Year**

2

Expanded currency deals with major Local TV station groups signed in Q4

3

Strong Q4 for Analytics & Optimization, **up 15% YoY**

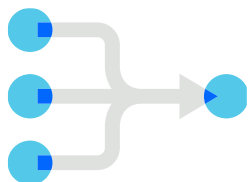
4

Syndicated Digital decline slowed to 1% sequentially

5

Continued control of operating expenses, allowing for reallocated investment to strategic initiatives

Key Areas of Planned Investment in 2019



Technology Transformation to Accelerate Innovation

- From many platforms to a single interoperable, cloud-based platform
- Reallocates resources from operations to product development & innovation
- Transformation underway, progressing toward cost reductions in 2020



Accelerated Product Roadmap to Support Retention & Growth

- TV & Cross-Platform innovation, with particular focus on Advanced TV
- Progression of CCR as flagship cross-platform ad ratings solution
- Digital product enhancements to help premium publishers navigate change



Reimagined Go-to-Market Approach & New Leadership

- Strategic focus on buy-side awareness & education (agencies and marketers)
- Alignment of Client Success, Sales, & Sales Operations under new leadership
- Integrated product & brand marketing teams under new global leadership

3 Key Industry Drivers Inform Our Business Strategy for 2019



ADVANCED TV
MOMENTUM

DIGITAL MEDIA
DISRUPTION

MARKETING
ACCOUNTABILITY

Our strategy is to be the **trusted currency** for planning, transacting & evaluating media across platforms.

The Industry is Moving Toward an Advanced TV Environment, Generating Demand for a Modern Currency Alternative

PROGRAM LINEAR

Households viewing the same show are served the same ad with transactions based on Age & Gender

AUDIENCE LINEAR

HHs viewing same show are served the same ad with transactions based on Advanced Audiences.

ADVANCED TV

HHs viewing same show are served different ads with transactions based on Advanced Audiences.

- Set-Top Box Addressable
- OTT/Connected TV

IMPROVED TARGETING CAPABILITIES

Linear TV Market

Advanced TV / Digital Video Market

Comscore Gained Momentum Among Major Station Groups in Q4



Expanded groupwide deal;
sole currency
in most markets



Expanded groupwide deal;
sole currency
in most markets



Expanded groupwide deal



Expanded groupwide deal,
includes
Telemundo-Owned

EXPANDED DEALS SIGNED IN Q418

NBCUniversal Uses Comscore Data to Power Its First-Ever Outcomes-Based Campaign

NBCU Sells Its First Ever TV Ad Campaign Based On Business Outcomes

by [Ryan Joe](#) // Friday, February 8th, 2019 – 8:30 am

Share: [!\[\]\(3d8c13c92b853674f749aac6fa869926_img.jpg\)](#) [!\[\]\(ce455c990c00145a2dda1d9a310cb682_img.jpg\)](#) [!\[\]\(de9e6664b8ceb5519927d73e240a55d9_img.jpg\)](#) [!\[\]\(f7025958c2763d977981ad2aefd8cb1b_img.jpg\)](#)

NBCU did something it had never done before: transacted on a TV advertising campaign based on business outcomes.

The campaign for the STXfilms movie “The Upside” was guaranteed based on ticket sales and, secondarily, show time searches, the broadcast giant said Friday. Comscore will measure viewership data and tie it to ticket sales from Fandango, in which NBCU has majority ownership. (NBCU said it would still be able to measure these outcomes without Fandango data.)



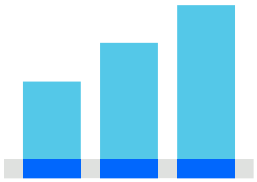
Brian Norris
SVP, Audice Studio Sales

NBCUniversal

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Syndicated Digital Solutions are Evolving to Strengthen Position as a Growth Ally for Premium Publishers & Advertisers



Holistic measurement across distributed platforms

Continued expansion of distributed platform coverage to account for multi-platform consumer behavior



New features & partnerships to increase relevance

Strategic product enhancements to integrate Comscore into new workflows and emerging formats



Customer-centric pricing & product strategy

New approach starts with customer need state and empowers more strategic partnerships

Key Operating Results – Fourth Quarter 2018

Three Months Ended December 31

	2018 (unaudited)	2017 (unaudited)	Quarter-over- Quarter Growth %
Revenues	\$109.3M	\$102.9M	6.2%
Revenue - Ratings & Planning	\$74.8M	\$71.6M	4.4%
Revenue - Analytics & Optimization	\$23.9M	\$20.8M	14.9%
Revenue - Movies Reporting & Analytics	\$10.6M	\$10.5M	-
Cost of Sales	\$52.0M	\$50.2M	3.6%
Gross Margin	\$57.3M	\$52.7M	8.7%
Gross Margin %	52.4%	51.2%	+ 234 bps
Net Loss (GAAP)	(\$27.2M)	(\$71.9M)	62.2%
Adjusted EBITDA*	\$6.3M	(\$8.1M)	177.1%

Key Drivers

- Strong TV & Cross-Platform growth
- Increased demand for custom marketing analytics & Activation
- Record contract values sold
- Higher fulfillment costs led to higher COGS
- Higher revenue across products and lower expenses from cost initiatives drove improved adjusted EBITDA

Key Operating Results – Full Year 2018

	Years Ended December 31		
	2018 (unaudited)	2017 (unaudited)	Year-over-Year Growth %
Revenues	\$419.5M	\$403.5M	3.9%
Revenue – Ratings & Planning	\$285.4M	\$278.1M	2.6%
Revenue – Analytics & Optimization	\$92.4M	\$86.8M	6.5%
Revenue – Movies Reporting & Analytics	\$41.7M	\$38.7M	7.8%
Cost of Sales	\$200.2M	\$193.6M	3.4%
Gross Margin	\$219.3M	\$209.9M	4.4%
Gross Margin %	52.3%	52.0%	+ 0.5 bps
Net Loss (GAAP)	(\$159.3M)	(\$281.4M)	43.4%
Adjusted EBITDA*	\$16.4M	(\$18.7M)	187.6%

2019 Financial Forecast

Reaffirming guidance from Investor Day in November 2018

Revenue	<ul style="list-style-type: none">• Mid-single digit revenue growth• Excludes \$2 million one-time revenue increase in Q4 2018
Gross Margin	<ul style="list-style-type: none">• Slight improvement over 2018
Non-GAAP Operating Expense*	<ul style="list-style-type: none">• Flat relative to 2018
Adjusted EBITDA Margin*	<ul style="list-style-type: none">• Improve throughout the year• Mid-single digits for the year
Operating Cash	<ul style="list-style-type: none">• Positive later in the year• Neutral for the full year• May be impacted by SEC legal costs and interest rate reset
Capital Expenditures	<ul style="list-style-type: none">• \$20 million to \$30 million annually

Appendix: Non-GAAP Financial Measures

Key Operating Results – Fourth Quarter 2018

Three Months Ended December 31

	2018 (unaudited)	2017 (unaudited)
Net loss (GAAP)	(\$27.2M)	(\$71.9M)
Income tax benefit	(\$0.2M)	(\$6.9M)
Interest expense, net	\$4.8M	\$0.1M
Depreciation	\$4.3M	\$5.1M
Amortization of intangible assets	\$8.2M	\$9.2M
EBITDA	(\$10.2M)	(\$64.5M)
Adjustments:		
Stock-based and expected awards compensation expense	\$6.0M	\$18.9M
Investigation and audit related	\$0.9M	\$26.9M
Settlement of litigation, net	–	\$0.1M
Restructuring costs	\$6.7M	\$10.5M
Other expense (income), net	\$2.9M	(\$0.1M)
Adjusted EBITDA	\$6.3M	(\$8.1M)

Key Operating Results – Full Year 2018

Years Ended December 31

	2018 (unaudited)	2017 (unaudited)
Net loss (GAAP)	(\$159.3M)	(\$281.4M)
Income tax provision (benefit)	\$3.7M	(\$2.7M)
Interest expense, net	\$16.5M	\$0.7M
Depreciation	\$17.3M	\$23.3M
Amortization of intangible assets	\$32.9M	\$34.8M
EBITDA	(\$89.0M)	(\$225.3M)
Adjustments:		
Stock-based and expected awards compensation expense	\$37.2M	\$34.3M
Investigation and audit related	\$38.3M	\$83.4M
Settlement of litigation, net	\$5.3M	\$82.5M
Restructuring costs	\$11.8M	\$10.5M
Other expense (income), net	\$12.8M	(\$4.1M)
Adjusted EBITDA	\$16.4M	(\$18.7M)

Adjusted EBITDA and Adjusted EBITDA Margin

- EBITDA is defined as GAAP net income (loss) plus or minus interest, taxes, depreciation and amortization of intangible assets. We define adjusted EBITDA as EBITDA plus or minus stock-based compensation expense as well as other items and amounts that we view as not indicative of our core operating performance, specifically:
 - Charges for matters relating to the Audit Committee investigation described in our 2017 Annual Report on Form 10-K, including litigation and investigation-related costs, costs associated with tax projects, prior-year audits, consulting and other professional fees, other legal proceedings specified in our senior secured convertible notes;
 - Settlement of certain litigation;
 - Restructuring costs; and
 - Non-cash changes in the fair value of financing derivatives and investments in equity securities.
- We define adjusted EBITDA margin as adjusted EBITDA divided by revenue.
- We do not provide GAAP net income (loss) on a forward-looking basis because we are unable to predict with reasonable certainty our future stock-based compensation expense, investigation, audit-related and litigation expense, fair value adjustments for financing derivatives, and any unusual gains and losses without unreasonable effort. These items are uncertain, depend on various factors, and could be material to results computed in accordance with GAAP. For this reason, we are unable without unreasonable effort to provide a reconciliation of adjusted EBITDA to the most directly comparable GAAP financial measure, GAAP net income (loss), on a forward-looking basis.

Non-GAAP Operating Expense

- We define non-GAAP operating expense as cost of revenues, selling and marketing, research and development, and general and administrative expense (each as reported on a GAAP basis) plus or minus stock-based compensation expense.
- We do not provide GAAP cost of revenues, selling and marketing, research and development, and general and administrative expense on a forward-looking basis because we are unable to predict with reasonable certainty our future stock-based compensation expense without unreasonable effort. Stock-based compensation expense is uncertain, depends on various factors, and could be material to results computed in accordance with GAAP. For this reason, we are unable without unreasonable effort to provide a reconciliation of non-GAAP operating expense to the most directly comparable GAAP financial measure on a forward-looking basis.