



GATEMORE

January 13, 2025

The Board of Directors
YouGov PLC
50 Featherstone Street
London EC1Y 8RT
United Kingdom

Dear Members of the Board,

As you may know, Gatemore Capital Management LP (“Gatemore” or “we”) manages the Gatemore Special Opportunities Fund (“GSOF” or the “Fund”), which currently holds an economic interest of approximately 1.5m shares, or 1.3%, in YouGov PLC (“YouGov” or the “Company”).

We hold strong convictions that YouGov is an attractive business with strong fundamentals and exceptional potential, but a number of management missteps have created a critical and widening gap between its intrinsic value and lacklustre share price performance.

To support YouGov in unlocking its full value for shareholders, we engaged privately with the Company and sent a letter to the Board dated 20 September 2024. We then decided to share our views publicly, emphasizing the need for a strategic review of YouGov in a [presentation](#) at the Sohn London Conference on 20 November 2024.

Since our presentation, we have received extensive feedback from significant shareholders and industry participants, expressing support for our thesis. They largely share our beliefs that the Company’s intrinsic value far exceeds the current public market valuation, and that the Company’s recent underperformance primarily stems from management missteps and an unsuccessful leadership transition.

Immediate leadership changes needed

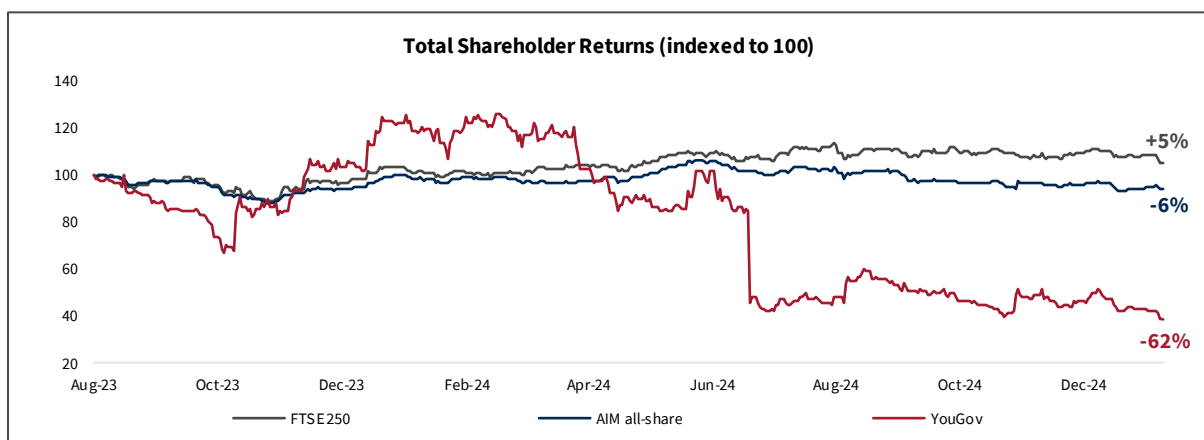
Our conversations with various stakeholders also revealed widespread disappointment with CEO Steve Hatch’s tenure and overwhelming frustration over the poor operating performance under his leadership.

Indeed, since his appointment as CEO in August 2023, YouGov shares have significantly underperformed, lagging behind the FTSE 250 and AIM All-Share indices by 67 and 56 percentage points, respectively¹.

We note numerous missteps under the CEO’s watch that have led to such staggering underperformance, namely:

¹ Market data per Capital IQ as of January 10, 2025.

- **Budgeting Failures:** A clear disconnect between the sales and finance functions has led to the inability to budget effectively, resulting in a massive cost overhang during a period of stagnant growth and culminating in a significant profit warning in H2 2024.
- **Mishandled Investor Communications:** Management failed to hold an investor call following the initial profit warning, creating market confusion and requiring a revised profit estimate in August 2024, just 6 weeks after the initial warning.
- **Volatile Financial Guidance:** The FY 2024 results released in October 2024 reported EBIT of £50 million, which was £6 – 9 million higher than the guidance provided during the original profit warning in June. This inconsistency raises concerns about management’s control over financials and their ability to provide reliable guidance.
- **Lack of Strategic Clarity:** There has been no clear guidance on the path to achieving the mid-term targets of £650 million in revenue and a 25% operating profit margin, especially in light of the underwhelming 2024 performance.



Source: Capital IQ as of January 10, 2025.

In short, the current CEO’s first 18 months at the helm have been a disaster, and we believe the market has lost faith in his leadership. We must not allow YouGov’s extended period of operational underperformance and share price stagnation to persist, as it would further erode what is left of stakeholder trust and impede a successful strategic review.

Urgent, decisive action is required to address these issues. As such, we strongly advocate for immediate leadership changes, specifically the appointment of an interim CEO who has relevant experience and is aligned with shareholders, to conduct a comprehensive strategic review which we expect will result in a sale process for the Company.

We believe that Stephan Shakespeare is best positioned to drive the necessary changes at the Company given his deep understanding of YouGov and the media research industry, his impressive track record during his previous tenure as YouGov’s CEO, and his substantial personal shareholding in the Company, which ensures strong alignment with the broader shareholder base.

Mr. Shakespeare’s significant investment in the Company contrasts sharply with the minimal holdings of the current Non-Executive Directors, who collectively own only 0.05% of the Company. This disparity and lack of alignment with shareholders raises concerns about their motivation to take the decisive strategic actions necessary to reverse the Company’s fortunes. By appointing Mr. Shakespeare as an interim CEO and launching a strategic review, the Board can affirm its commitment to fiduciary duties, responsiveness to shareholder concerns, and the prioritisation of sustainable value creation. This course of action is essential to reposition the Company for long-term success and secure the confidence of all stakeholders.

An urgent strategic review is required to realise YouGov's full value

We are convinced that Mr. Hatch lacks the capability to conduct a comprehensive strategic review and execute a successful sale, which, as we noted in our previous engagements, would maximize value for the shareholders.

Indeed, YouGov's recent share price underperformance is particularly notable given that AIM itself has struggled. Over recent years, AIM has faced significant challenges, including a decline in liquidity as the proportion of institutional funds invested in UK smaller companies has steadily decreased. This shift has led to substantial capital outflows and a dearth of new admissions, compounded by numerous companies delisting due to struggles in achieving desired valuations in the junior UK market. Since January 2021, AIM has underperformed both the FTSE 250 by 34 percentage points and the Russell 2000 by 57 percentage points², underscoring the market's systemic difficulties.

The debilitating dynamics of the wider AIM market have and will only continue to be a significant impediment to any efforts in capitalising YouGov's fundamental strengths, which include:

- **Proprietary Data Panel:** YouGov boasts a proprietary panel of 29 million panellists globally, creating a robust competitive moat and significant barriers to entry.
- **Syndicated Data Strength:** Over 50% of YouGov's sales are derived from syndicated data, leveraging the efficient "survey once, sell many times" model within its Data Products and Consumer Panel Services (CPS) offerings.
- **Market Opportunity:** Operating within the \$54 billion market research industry³, YouGov has a unique opportunity to drive consolidation in this highly fragmented market.
- **Strong Growth Record:** Between 2014 and 2024, YouGov delivered an impressive 17% revenue and 31% Adjusted EBIT growth, highlighting its tangible potential for continued expansion and margin improvement.
- **Robust Cash Flow:** YouGov achieved a consistent ~70% operating free cash flow conversion on average over the last five years.

As realising the Company's full value within the AIM market would be extremely challenging and unduly prolonged — if at all possible — a near-term exit at a healthy premium would likely be welcomed by the majority of YouGov's shareholders.

We believe that YouGov presents a compelling opportunity for a financial sponsor or a strategic buyer. With the right management team and strategy, an acquirer could pay a takeover price in excess of 700p per share, or more than 80% above current share price⁴, while still achieving an over 3x multiple-of-money return over five years.

We trust the Board will act decisively in this critical moment for YouGov.

² Market data per Capital IQ as of January 10, 2025.

³ Market size per Company estimates.

⁴ Share price of 380p as of January 10, 2025.

Thank you for your attention.

Sincerely,

A handwritten signature in black ink that reads "Liad Meidar". The signature is written in a cursive style with a large initial 'L' and a distinct dot above the 'i' in 'Meidar'.

Liad Meidar
Managing Partner
Gatmore Capital Management LP

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