

**Results Presentation |** Year ended 31 December 2015  
**BrainJuicer Group PLC**



**System 1**

Feel more: Buy more

## **Leading exponent of behavioural economics and system-1 thinking in marketing and research**

### **Our five golden rules of famous 5-Star communication**

- 1. We think much less than we think we think**  
(fast feelings drive decisions, slow thinking rationalises the reasons)
- 2. Those who tell the best stories rule the world**  
(the human mind is a story processor not a logic processor)
- 3. Your buyers mostly buy other brands and occasionally buy yours**  
(growth comes from gaining a repertoire among more people)
- 4. Focus on new buyers because loyalty comes free**  
(you don't increase your brand's share by targeting existing users)
- 5. Fame, Feeling and Fluency drive famous 5-Star Marketing**  
(fortune follows fame | feel more buy more | recognition speeds decision)

## **Building our core, expanding our repertoire and extending our availability**

### **Strong underlying momentum**

17% growth in core products  
(Ad Testing, Brand Tracking, Predictive  
Markets)

### **Fame | Feeling | Fluency**

Significantly enhanced our Ad Testing  
and Brand Tracking positioning and  
offerings

### **Focus on Ongoing**

85% of our business now “Juicy” so  
moving focus to “Ongoing” regular  
repeat business

### **System1 agency**

Setting up our new creative agency  
based on system-1

### **Zappistore**

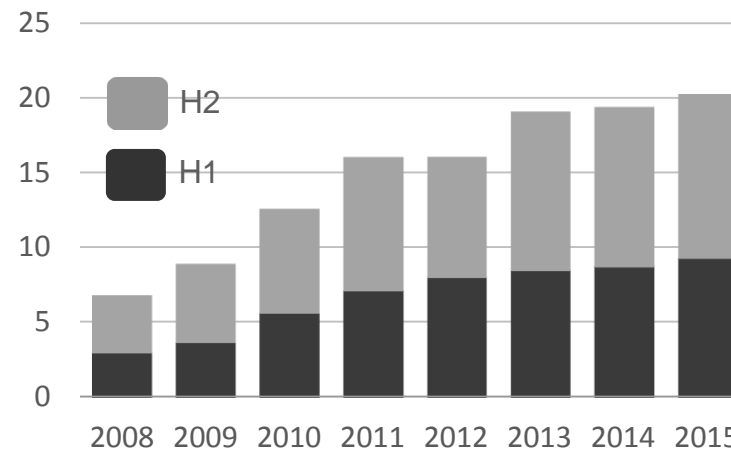
Starting to sell light automated  
versions of our products online  
([www.zappistore.com](http://www.zappistore.com))

# Financial Results

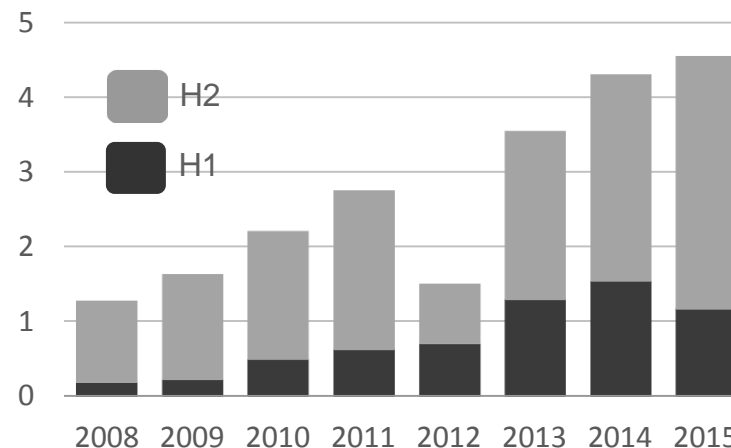
# Top-line flat but strong profits and cash flow

## Gross profit (£m)

main top-line performance indicator



## Operating profit (£m)



Revenue up 2%

Gross profit up 4%

Overhead costs up 4%

Operating profit up 6%

Profit before tax up 5%

Profit after tax up 5%

Diluted EPS up 7%

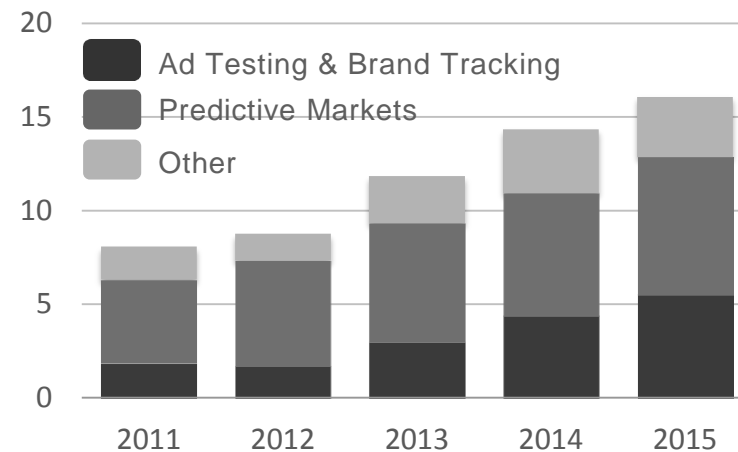
Cash conversion 89% of PAT

Cash £6.37m and no debt

Changing financial year end to March 2017

**Lack of overall growth masks strong growth in core products**

**Juicy Quantitative Products – gross profit £m**



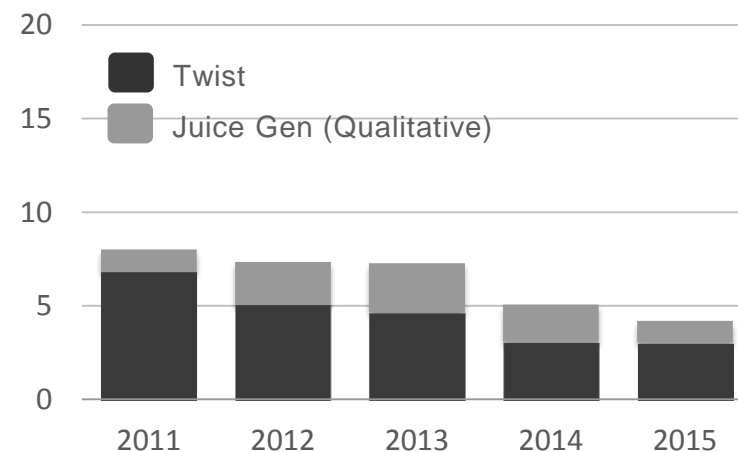
**Juicy Quant Products growing and scalable** particularly three core products ...

**Ad Testing & Brand Tracking** – building brands

**Predictive Markets** – directing innovation

**Ad Testing & Brand Tracking lead to Ongoing work** sole supplier status and regular usage

**Twist and Juice Gen – gross profit £m**



**Significantly enhanced Ad Testing and Brand Tracking in 2015**

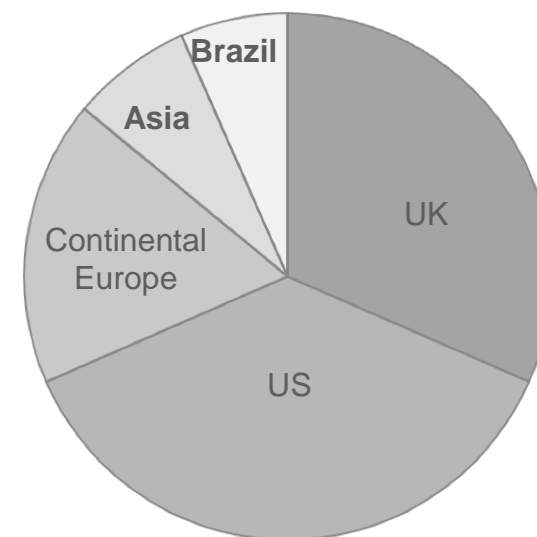
Fame | Feeling | Fluency approach to brand building

## Mixed fortunes geographically

Reflecting client ups and downs more than systemic issues

	Gross profit		Operating profit	
UK	£6.73m	- 1%	£4.53m	- 6%
US	£7.76m	+ 21%	£4.42m	+ 19%
Continental Europe	£3.13m	- 9%	£1.62m	- 3%
Asia	£1.49m	- 12%	£0.56m	- 30%
Brazil	£1.14m	+ 11%	£0.62m	+ 120%
Total	£20.25m	+ 4%	£11.75m	+ 4%
Central Costs			£(7.21)m	+ 3%
Operating profit			£4.55m	+ 6%

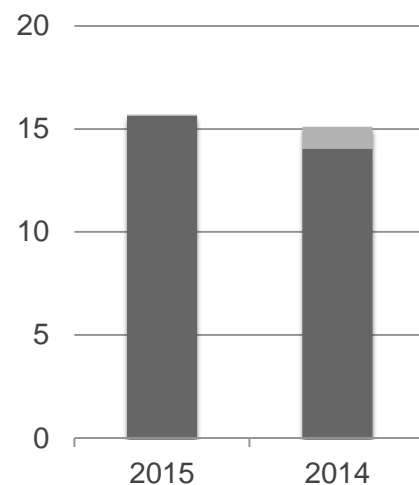
Gross profit split



## Cost increase mitigated by bonus reduction

	2015	2014	Growth
Gross profit	£20.25m	£19.41m	4%
Cost pre bonus	£(15.64)m	£(14.03)m	11%
Bonus	£(0.06)m	£(1.08)m	NM
Operating profit	£4.55m	£4.30m	6%

Overhead costs – £m



### Cost before bonus up 11%

Higher than gross profit growth due to one-off costs (£0.32m) and Juice Gen savings not flowing through until 2016

### Reduced bonus

Total overheads (after bonus) up 4%

### Capacity to scale several times current size

without CAPEX and without costs growing as much as gross profit

### Consistent effective tax rate

33% in 2015 vs 32% in 2014  
Higher than UK tax rate (~20%) due to higher US taxes and disallowable costs



## **Strong cash flow and returning it to shareholders**

### **Cash Flow**

Pre-financing cash flow has been at least 78% of profit after tax every year over the last 5 years

And was 89% of profit after tax in 2015

Finished year with £6.37m cash and no debt

Plus £2m committed overdraft facility (put in place as contingency in case of acquisition)

### **Returns to shareholders**

Over the last 5 years, returned £5.17m in dividends and £3.56m in share buy-backs

In 2015 £0.54m in dividends and £0.93m buy-backs

Plan on continuing in the same vein in future

# Fame | Feeling | Fluency

## **Fame**

If a brand comes readily to mind,  
people perceive it to be a good  
choice

Explains current market share

**Fortune follows fame**

## **Feeling**

If people feel good about a brand,  
they perceive it to be a good  
choice

Predicts future market share

**Feel more buy more**

## **Fluency**

If people recognise a brand  
quickly, they perceive it to be a  
good choice

Reduces price sensitivity

**Recognition speeds decision**

# System1 creative agency

Feel more: Buy more

# 1

## **We only develop System1 work**

The most effective ideas don't persuade, they seduce

Our work is based on a fundamental principle from the behavioural sciences that the more a consumer feels for a brand, the more a consumer will buy

System1 only produces creative work that translates emotion into brand growth

# 2

## **We source the best creative talent available anywhere**

Rather than fixed creative teams, we manage a Network of Creative Networks

In an Uber-era, there's incredible creative talent out there - and we have found a great new way to tap into it

For each creative challenge we brief 4 creatives/teams/boutiques who best fit the brand and challenge

And of course – we lead the process every step of the way

# 3

## **We guarantee everything we deliver will work**

Using BrainJuicer's behavioural-based testing methodologies, we can predict the success of new ideas

All ideas are pre-tested before they are presented to clients, and then tested again once they are produced

We don't speculate with anything, and we don't stop creating until we achieve success

# System 1

vs

# System 2



**HELP ELIMINATE ODOR: DON'T JUST COVER IT UP**

**10x MORE ODOR PROTECTION COVERAGE WHEN USED TOGETHER\***

**INTRODUCING Gillette's LINE OF ODOR SHIELD PRODUCTS.**

Odor Shield Anti-Perspirant and Body Wash help eliminate body odor instead of just covering it up. **Odor Shield technology** targets and neutralizes body odor at the source. And when used together, you get **10x more odor protection coverage**. So you can perform under pressure.

TARGETS SHIELD ZEROES IN ON ODOR	NEUTRALIZES ODOR COUNTERACTS AT THE SOURCE	PROTECTS HELPS ELIMINATE BODY ODOR

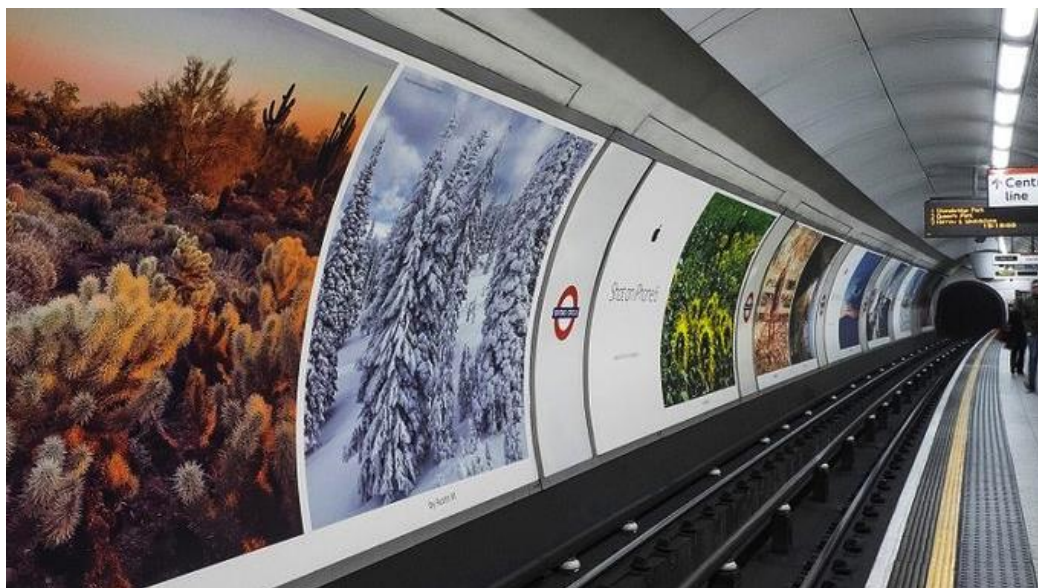
\*Retail body coverage vs. just using anti-perspirant alone.

**Gillette**  
The Best a Man Can Get

## System 1

vs

## System 2



# Summary



## Continuing the momentum

Core innovation screening and brand building services growing consistently and strongly

Fame | Feeling | Fluency significantly enhances brand building services (Ad Testing and Brand Tracking)

Ad Testing and Brand Tracking driving ongoing regular repeat work

## Expanding our repertoire

Utilising behavioural science insights and Fame | Feeling | Fluency to establish System1 creative agency

Now creating (as well as measuring) brand building communications

## Extending our availability

Adding our products to an online portal. Inexpensive, fast and highly scalable

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