



Quarterly trading update for the period  
January – March 2011

*On 29 July 2010, the reverse merger between LBI International AB and Obtineo Netherlands Holding N.V. (consisting of search engine specialist bigmouthmedia ("BMM") and € 40 million in cash) was finalised, forming a new company operating under the name LBI International N.V. (the "Company", "LBI"). Today's released statements show actual first quarter 2011 figures of LBI and pro forma first quarter 2010 figures for the combined entities LBI and BMM.*

## **LBI books sound top line growth and further margin improvement in Q1 2011** **Business fuelled by increasing demand for digital branding, social media and mobile offerings**

Amsterdam (the Netherlands), 29 April 2011 – LBI International N.V. (NYSE Euronext symbol: LBI), Europe's largest marketing and technology agency, today reports its first quarter results for the period ended 31 March 2011.

### **Key highlights**

- Q1 2011 net sales up 10% versus Q1 2010 reflecting continued strong commercial progress in major markets;
- Q1 2011 actual EBITDA EUR 8.7 million vs. EUR 2.0 million in Q1 2010;
- Q1 2011 adjusted EBITDA up 19% to EUR 7.5 million vs. Q1 2010 (EUR 6.3 million), margin at 16.5% up from 15.2%;
- Net income of EUR 4.6 million in Q1 2011 vs. a negative net income of EUR 2.5 million in Q1 2010;
- Positive operating cash flow of EUR 1.1 million in Q1 2011;
- Strong new business wins including global remit for Sony Ericsson, Barclays and J&J Pharma;
- Market sentiment expected to further improve in 2011; accelerating interest by clients in agencies that blend search, social, direct response, data and digital skill sets.

<b>Key figures</b> <b>(EUR million)</b>	<b>Jan-Mar</b> <b>2011</b>	<b>Jan-Mar</b> <b>2010</b>	<b>Change</b>	<b>Jan-Dec</b> <b>2010</b>
Net sales	45.4	41.4	10%	175.6
EBITDA	8.7	2.0	335%	9.8
EBITDA adjusted	7.5	6.3	19%	28.2
Margin %	16.5%	15.2%		16.1%
Operating cash flow	1.1	-1.9		13.4
Net result	4.6	-2.5		-0.4
Net result per share	0.03	0.0		0.0

First quarter last year numbers are pro forma LBI and BMM except for the cash flow.

**Luke Taylor, CEO of LBI commented:** "We have had a positive start to the year. UK, Nordics and Germany are thriving on the back of growing strong spend across key accounts and the successful cross-sell of services. The US built significant momentum through the quarter and will trade well in Q2 2011 on the back of an excellent new business performance in March. Smaller markets are starting to benefit from the more effective distribution of global revenues. While the latter is not a significant growth driver it nevertheless allows us to optimise our global bench.

Trends are pointing in the right direction. We will continue to benefit from services, category and geographic consolidation as leading national and international brands look to centralise digital, direct and

data activities, drive platform economies of scale and leverage insight and IP across all markets. For 2011, we therefore expect further sales growth with EBITDA to increase in line."

## Results of operations and net result

Driven by a growing spend across key accounts and the successful cross-sell of services, net sales in Q1 2011 increased by 10% to EUR 45.4 million compared to Q1 2010. EBITDA came in at EUR 8.7 million. As discussed in the fourth quarter and year-end report, EBITDA was positively affected by a release in contingent liabilities of EUR 1.8 million offset by research costs for the Dashboard of EUR 0.6 million. Excluding these items, adjusted EBITDA came in at EUR 7.5 million, up 19% from Q1 2010, reflecting an improved margin from 15.2% to 16.5%. This margin increase is mainly due to the effects of restructuring measurements taken by the management during 2010, of which the effects will be further visible during the rest of 2011. Furthermore, good progress was made on the second phase of the Dashboard IP initiative, of which the costs involved were around EUR 0.6 million for Q1 2011. Net result for Q1 2011 came in at EUR 4.6 million, up from a loss of EUR 2.5 million in Q1 2010.

## Revenue development per region

Revenue by region (EUR million)	Jan-Mar 2011	Jan-Mar 2010	Change
UK	15.4	12.4	24%
Central & Southern Europe (CSE)	17.0	16.0	6%
USA	9.3	8.9	4%
Scandinavia	5.7	4.8	19%
Parent & Eliminations	-2.0	-0.7	-
Total	45.4	41.4	10%

UK operations showed strong organic growth, driven by services cross-sell following the BMM transaction, good new business conversion in Q4 2010 and growing confidence across key clients (e.g. Lloyds, BT, Virgin).

In Central and Southern Europe region, the very strong double-digit growth realised in Germany was in part offset by flat to negative performances in the smaller southern European countries. New wins included amongst others, RTL Television, Scopevisio, Umicore.

Growth in the US was impacted by a slow start in the Pharma vertical. We expect accelerating top line momentum in Q2 2011 driven by return to normal spending patterns in BMS and a strong new business result at the end of Q1 2011. New wins include America Select, Constellation wines, Diageo, J&J Pharma and extra assignments for, amongst others, Sony Ericsson and MasterCard.

Scandinavia is performing strongly, driven by search services cross-sell into key clients like IKEA and good quality new wins (e.g. Maersk and Swedish Post office).

## Financial position

Financial key figures (EUR million)	31 March 2011	31 March 2010
Revenue	45.4	41.4
Current assets	108.2	77.7
Current liabilities (excl. earn outs)	61.7	39.7
Cash	30.3	15.6
Working capital (excl. cash)	16.2	22.4
DSO on working capital (days)	32.1	48.7
Contingent liabilities	10.6	23.1
Net debt	-1.3	24.6
Cash flow from operating activities	1.1	-1.9

The cash position remains strong and healthy, with a positive operating cash flow of EUR 1.1 million. During Q1 2011, EUR 10.4 million was repaid to banks (EUR 7.7 million) and earn outs (EUR 2.7 million). The contingent liabilities of EUR 10.6 million include an amount of EUR 4.9 million related to the deferred payment of the bigmouthmedia acquisition.

Day sales outstanding on the working capital improved, leading to a better operating cash flow performance. As per 31 March 2011, the net debt came in at EUR -1.3 million compared to a net debt of EUR 24.6 million as per 31 March 2010 and a net debt of EUR -9.4 million as per year-end 2010. The financial position of LBi is solid.

## Outlook

We expect market sentiment to further improve in 2011. Client interest in agencies that blend search, direct response, social, data and digital skill sets is increasing. Based on this, we expect further net sales growth in 2011 and EBITDA to improve in line with net sales. We currently don't see any adverse effects of macroeconomic events, such as the disaster in Japan and the political turmoil in the Middle East on our business.

# Calendar and contact

## Calendar

- The AGM 2011 will take place in Amsterdam on 26 May 2011.
- The first half year report for the period January – June 2011 will be released on 28 July 2011.
- The quarterly trading update for the period July – September 2011 will be released on 27 October 2011.

Amsterdam, 29 April 2011

Luke Taylor  
CEO

Huub Wezenberg  
CFO

LBi discloses the information provided herein pursuant to the Securities Market Act and/or the Financial Instruments Trading Act. This report was submitted for publication at 07:30 CET on 29 April 2011.

The Company's auditors have not reviewed this report.

## **Contacts**

Luke Taylor, CEO, LBi International N.V.  
+44 20 7063 6465, luke.taylor@LBi.com

Huub Wezenberg, CFO, LBi International N.V.  
+31 20 460 4500, huub.wezenberg@LBi.com

### **LBi's head office:**

LBi International N.V.  
Joop Geesinkweg 209 | 1096 AV Amsterdam  
Box 94829 | 1090 GV Amsterdam | Netherlands  
Company registration no. 30277334

Phone: + 31 20 460 45 00 | Fax: + 31 20 460 45 09  
Web: [www.LBi.com](http://www.LBi.com)

## **About LBi**

LBi International N.V. (NYSE Euronext Amsterdam: LBI) is the leading European marketing and technology agency with a global reach.

Headquartered in Amsterdam (the Netherlands), LBi has a staff of approximately 1,800 and operations in 15 countries. As a marketing and technology agency, LBi offers services to brands (clients) to help them engage with their customers through digital channels across a wide spectrum of their points of engagement, from initial awareness of the brand, through direct interaction with the services or products offered by the brand, to on-going relationships with the brand.

The Company offers a suite of services that are designed to help companies attract, engage and manage customers, more effectively. This full service offering combines analytical, direct marketing and digital competences, which means that LBi is able to develop big creative ideas in the digital space, build and manage complex transactional websites, run complex CRM programmes and even handle the media buying, planning and electronic public relations for blue chip companies.