Quarterly trading update for the period January – September 2012

LBi sees continued strong underlying performance in Q3 2012

Amsterdam (the Netherlands), 7 November 2012 – LBi International N.V. (NYSE Euronext symbol: LBI), Europe's largest independent marketing and technology agency, today reports its third quarter results for the period ended 30 September 2012.

Key highlights

- Q3 2012 net sales up 27.3% versus Q3 2011 reflecting strong growth in all regions outside Central and Southern Europe;
- Q3 2012 adjusted EBITDA up 26.3% to EUR 10.1 million vs. Q3 2011 (EUR 8.0 million), EBITDA margin at 16.4% (16.5%);
- Intended public offer by Publicis to acquire all shares of LBI for EUR 2.85 per share announced in September;
- Q3 2012 results impacted by EUR 8.9 million one-off charges (principally transaction cost relating to Publicis deal, accelerated integration of US business and related revision of Mr Youth earn out arrangement;
- Healthy financial position with limited net debt of EUR 8.5 million;
- Positive cash flow from operations of EUR 9.6 million in Q3 2012.

Key figures (EUR million)	Jul - Sep 2012	Jul - Sep 2011	Change	Jan - Sep 2012	Jan - Sep 2011	Change	Change at constant rates
Revenue	61.6	48.4	27.3%	181.0	142.9	26.7%	20.4%
EBITDA	1.2	8.0	-85.0%	20.9	25.2	-17.1%	-23.0%
Exceptional items	-8.9	0.0		-9.1	2.0		
EBITDA adjusted	10.1	8.0	26.3%	30.0	23.2	29.3%	22.4%
Margin %	16.4%	16.5%		16.6%	16.2%		
Cash flow from operations	9.6	8.9		11.9	6.0		
Net result	-2.2	4.4		7.2	14.3		
Net result per share	-0.01	0.03		0.05	0.10		

Luke Taylor, CEO of LBi commented:
We are broadly pleased with the progress we have made in Q3. Sales and adjusted EBITDA in the period increased by 27% and 26% respectively. Partly on the back of a sound contribution by Mr Youth's social media marketing activities, strong growth was recorded in the US. The UK and Nordic regions also showed strong growth, while central Europe remained flat quarter over quarter. While these results once again demonstrate strong continued momentum we are cautious on the final quarter. Historically we have benefited from strong seasonal discretionary spend and it is not currently clear if the client budgets exist in Q4 to once again support this behaviour. We are also assuming a degree of disruption as a consequence of the storm damage in New York. In general clients are behaving tentatively and visibility has deteriorated slightly relative to typical levels. It should however be noted that in October, we saw a marked improvement in new business activity following a relatively quiet summer period in the run up to and during the Olympics.

Of course the most notable achievement in Q3 was the agreement we reached with Publicis Groupe on the intended public offer for all outstanding LBi shares. This agreement represents the successful conclusion of our corporate transformational plan and delivers an excellent platform for further consistent growth and service expansion under the wings of Publicis. We are delighted and look forward to work together when the transaction will be completed.

Key events

Transaction with Publicis

On 20 September 2012, Publicis Groupe and LBi announced they had reached a conditional agreement on a potential recommended cash offer to acquire all outstanding shares of LBi for a price per share of EUR 2.85. Publicis will issue an Offer Document (after approval of the AFM) around mid-November after which an Offer Period will run for at least 8 weeks. At the end of the Offer Period, the Offer (subject to certain offer conditions) will be declared unconditional. The closing of the transaction is expected to occur in Q1 2013.

Related to this transaction, a one-off charge of EUR 5.5 million cost has been posted to the income statement in Q3 2012. This charge relates to fees for the investment bank, legal, audit, tax and other advisory fees. The total fees until completion are expected to amount to approximately EUR 6.5 million.

Accelerated US integration and related revision of earn out agreement Mr Youth

In order to fully utilize the opportunities for a roll out of the Mr Youth social media marketing service proposition to all of our US and global key clients, we decided to accelerate the integration of Mr Youth with our other New York-based office.

For this purpose, Mr Youth's earn out arrangement related to the 2013 performance needed to be revised. While simultaneously taking into account the outperformance and strong outlook of Mr Youth's activities, this has resulted in a charge of EUR 2.4 million in Q3, which has been added to the earn out provision.

In connection with the accelerated US integration, a restructuring charge was recorded of EUR 1.0 million. This charge mainly relates to lease exit costs and the reduction of management and overhead staff afforded by the full integration of Mr Youth and LBi in the US.

Sceneric acquisition

In Q3, Sceneric Ltd was acquired, a relatively small e-commerce specialist located in UK and Hong Kong with 40 employees. We see strong growth through overall demand in the market and good strategic partnerships with platform providers such as Hybris and ATG. There is also significant opportunity for cross-sell of services across Sceneric and LBi clients and the opportunity to leverage growth across the LBi footprint.

Results of operations

Driven by a growing spend across key accounts and the successful cross-sell of services, revenue increased in all regions. In Q3 2012, net sales were up 27.3% (18.2% at constant rates) compared to Q3 2011 at EUR 48.4 million. EBITDA was impacted by one-off charges of in total EUR 8.9 million. These charges relate to transaction costs (EUR 5.5 million), costs for an accelerated integration of the US business (EUR 1.0 million) and a related revised earn out arrangement (EUR 2.4 million) to enable this fast-track integration. Eliminating these exceptional items, the adjusted EBITDA came in at EUR 10.1 million for Q3 2012, up by 26.3%, which evidences LBi's continued strong underlying performance.

Revenue development per region

Revenue by region (EUR million)	Jul - Sep 2012	Jul - Sep 2011	Change	Change at constant rates	Jan - Sep 2012	Jan - Sep 2011	Change	Change at constant rates
UK	23.4	17.4	34.5%	22.4%	65.4	50.8	28.7%	20.5%
Central & Southern Europe (CSE)	17.1	17.0	0.6%	0.0%	51.5	52.0	-1.0%	-1.0%
USA	16.1	9.6	67.7%	47.9%	47.5	28.6	66.1%	51.4%
Scandinavia	6.4	5.4	18.5%	11.1%	21.1	17.5	20.6%	17.7%
Parent & eliminations	-1.4	-1.0	40.0%	30.0%	-4.5	-6.0	-25.0%	-23.3%
Total	**61.6**	**48.4**	**27.3%**	**18.2%**	**181.0**	**142.9**	**26.7%**	**20.4%**

In the **UK** we saw a solid performance in Q3 with key accounts continuing to spend across the service mix. Growth continued on the back of newer services such as content programmes and social business design. Together with greater commitment to our Multi Signal Search service the added value offered to clients continued to improve. There was strong recognition for the work we are doing for clients evidenced by the shortlists for agency of the year with both Campaign and Marketing magazines.

In **Central and Southern Europe**, year on year revenue growth across the region remains flat as clients caution persists. We have made good progress with the continued development of our hub and spoke model and have been successful in winning some significant new mandates with pan European clients such as BMS.

In the **USA** the business performed well, driven principally by strong spending across anchor clients including Coca Cola and Sony, and partly on the back of our social media marketing activities by Mr Youth. Organic revenue growth[1)] for the third quarter came in at 10.0% and 18.1% for Jan-Sep. The short-term outlook however has deteriorated a little as a consequence of both budgets cuts across our Pharma clients relating to patent expiry and also a temporary spend pause in J&J during their internal redesign. Furthermore, it now appears as if power cuts driven by storm damage in the New York area could negatively impact the number of billable days in November. These events are however Q4 specific and we think budget recommitment for 2013 looks positive and new business activity for the quarter is picking up after a relatively sluggish Q3.

Scandinavia continues to perform strongly, sales went up by 18.5% to EUR 6.4 million (Q3 2011; EUR 5.4 million). This is principally driven by better operational efficiency across the region and increased demand for new services across strategy, media and social. The shift in demand from pure digital platform services towards a more expanded data centric and performance based offering is most significant on the largest Nordic accounts, including IKEA and Volvo Cars.

1) *For best comparison, we have defined organic revenue growth as the movement between Q3 2012 revenues including acquisitions and Q3 2011 revenues also including acquisitions. Please note that US-based social media marketing agency Mr Youth was acquired by LBi in November 2011 and consolidated as of mid-November 2011.*

LBi

Financial position

Financial key figures (EUR million)	Jan - Sep 2012	Jan - Sep 2011
Revenue	181.0	142.9
Current assets (excl. cash)	93.2	92.9
Current liabilities (excl. ST portion of LT liabilities)	62.2	62.8
Working capital (excl. cash)	31.0	30.1
DSO on working capital (days)	35.0	36.0
Net debt	8.5	-3.6
Cash flow from operations	9.6	8.9

The financial position remains strong and healthy, with limited net debt. The operating cash flow amounted to EUR 9.6 million for Q3 2012, compared to EUR 8.9 million last year. The cash position improved to EUR 47.1 million (cash and bank deposits) per 30 September 2012, from EUR 31.4 million per 30 September 2011.

As of 30 September 2012, net debt came in at EUR 8.5 million compared to a net cash of EUR 3.6 million as per 30 September 2011 and a net debt of EUR 3.3 million as per year-end 2011. The increase in net debt of 12 million over the last 12 months is a result of a positive cash flow from operations of in total EUR 31.8 million over the last 12 months and a cash out relating to investment activity, principally related to the Mr Youth acquisition (EUR 43.8 million). Acquisitions have mainly been financed with own cash and for EUR 12 million with external debt.

Calendar

- The full-year report for the period January – December 2012 will be released in February 2012

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 7 November 2012. 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 | The Netherlands
P.O. Box 94829 | 1090 GV Amsterdam | The Netherlands
Company registration no. 30277334

Phone: + 31 20 460 45 00 | Fax: + 31 20 460 45 09
Web: www.LBi.com

About LBi
LBi International N.V. (NYSE Euronext Amsterdam: LBI) is Europe's largest independent marketing and technology agency. We have operations in 16 countries and a staff of approximately 2,200 experts, who blend insight, media, creativity and technical expertise to create value for leading brands. We help companies of all shapes and sizes decide what's next for their business – and then we take them there. We define and execute transformational digital strategies for clients active in a wide variety of businesses.

There are many things that make LBi unique, but if we had to choose one it would be our ability to bring together diverse teams of experts to suit any brief. We call this blending, and it's the reason why all types of organisations – from famous global businesses to disruptive start-ups – choose LBi to help make their brands desirable wherever, whenever and however people choose to engage with them.

For more information, visit www.LBi.com