



Chime provides its mid-year update for the 6-month period ended 30 June 2020.

As for many businesses, Chime has been impacted by the CV-19 pandemic in the first half of 2020. Despite a good Q1, this has resulted in H1 Operating Income being lower than the same period last year, with a larger impact being felt in the CSM division as part of that business's income is derived from live sporting and entertainment events.

Following a reset of its financial covenants in Q2, and due to the high cash reserves of the group, Chime is in a solid financial position which will allow it to continue to trade throughout the current economic downturn.

Whilst the performance of the group is in line with its revised 2020 forecast, which takes into account the impact of CV-19, it has been necessary to reduce the cost base in line with the lower than originally anticipated income.

From a strategic perspective the group has continued to focus on its strategy of being "The Challenger Network", working with clients to help transform their businesses by challenging convention.

Chime provides services within two core areas; Communications and Sports and Entertainment.

Communications (VCCP and VCCP Business)

Despite the challenging environment the Communications division has maintained over 90% of income from its largest accounts. In addition, there have been a number of high profile new client wins which to date include Google, Reckitt Benckiser Walkers and Sensations (PepsiCo Brands), Kwik Fit, Telkomsel, Holland and Barrett and TATA.

The impact of CV-19 has been mixed based on client sector. Travel and Retail have felt the largest impact with other sectors such as TMT, Healthcare and Financial Services remaining more buoyant.

CSM Sports and Entertainment ('CSM')

As noted above, CV-19 has had a significant impact on CSM and in particular the projects related to live sporting and entertainment events. The CSM division has three divisions being Rights, Brands and Live.

The Rights division focusses on sponsorship consultancy and executing partnership rights sales. This part of the business has performed well under the circumstances as businesses continue to seek brand awareness through sport.

The Brands division includes a broad range of sports and entertainment marketing services including activation. Whilst activity has been somewhat suppressed, CSM has seen Brands moving towards digital campaigns which it supports.

The Live division includes services such as live-event management and branding/signage. Due to the significant scaling back of such events this part of the business has been impacted the most.

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Whilst there have been some contract losses, for example commission income on Cirque du Soleil following Cirque's bankruptcy filing, there have also been good new wins to date including Premier League, English Cricket Board, Coke Cola, Paddy Power and Verizon.