Cision Reports First Quarter 2018 Financial Results; Provides Updated Full Year 2018 Outlook

CHICAGO, May 8, 2018 /PRNewswire/ -- Cision Ltd. (NYSE: CISN), a leading global provider of software and services to public relations and marketing communications professionals, today reported financial results for the quarter ended March 31, 2018.

All data presented below is compared to the first quarter of 2017, unless otherwise noted.

First Quarter 2018 Financial Highlights

- Revenue increased 23.0% to $179.3 million
- Revenue, excluding the impact from purchase accounting, increased 23.6% to $180.2 million
- Operating income increased 79.8% to $12.2 million
- Net loss decreased 98.2% to $0.4 million
- Adjusted EBITDA increased 19.3% to $58.3 million
- Adjusted net income increased 285% to $23.1 million
- Adjusted net income per share increased 171% to $0.19

"We are pleased to have delivered another solid quarter of financial results," said Kevin Akeroyd, Cision's Chief Executive Officer. "We continue to focus our efforts on delivering best-in-class products and services to our customers, executing our strategic and operational plans, and driving toward our long-term financial goals. This focus resulted in first quarter pro forma organic revenue growth of 2.0% after adjusting for non-core revenues and the impact of currency."

First Quarter Business Statistics and Operational Highlights

- Americas revenues increased 8.9% to $121.8 million;
- EMEA revenues increased 75.7% to $50.6 million;
- APAC revenues increased 32.6% to $7.0 million;
- Non-core revenues declined 43.6% to $1.3 million;
- Average pro forma subscription customers, excluding PRIME Research, increased 1.2% to approximately 40,100;
- Average annualized pro forma revenue per subscription customer, excluding PRIME Research and the impact of currency, increased 2.0% to approximately $10,200;
- Customers that purchased services from us on a transaction basis, excluding PRIME Research, decreased 5.6% to approximately 40,200;
- Average pro forma revenue per customer that purchased services from us on a transaction basis, excluding PRIME Research and the impact of currency, increased 5.9% to approximately $1,400;
- Cross-sell bookings of software, distribution and insights in the United States increased 21.2% to $2.4 million; and
- Cision Communications Cloud platform customers at March 31, 2018 were approximately 7,500.

Long-Term Debt

As of March 31, 2018, we had approximately $1,029.8 million of outstanding dollar-denominated term loans and approximately €248.8 million of outstanding Euro-denominated term loans. On April 30, 2018, we reduced our outstanding dollar-denominated term loan by making a $30.0 million voluntary prepayment pursuant to the terms of our 2017 First Lien Credit Facility.

Subscription and Transaction Customers

Our average pro forma subscription customers, average annualized pro forma revenue per subscription customer, number of customers that purchased services from us on a transaction basis, and average pro forma revenue per customer that purchased services from us on a transaction basis appear below for the most recent five fiscal quarters. All of the figures below exclude PRIME Research and all dollar figures have been adjusted to exclude the impact of currency.

	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q1 2018 compared to Q1 2017
Average pro forma subscription customers	39,643	40,699	40,393	40,478	40,134	1.2%

Average annualized pro forma revenue per subscription customer	$10,004	$9,962	$10,056	$10,137	$10,206	2.0%
Pro forma transaction customers	42,588	44,131	40,829	41,670	40,216	(5.6%)
Average pro forma revenue per transaction customer	$1,314	$1,380	$1,296	$1,416	$1,392	5.9%

Updated Full Year 2018 Outlook

Our updated outlook for the full year ending December 31, 2018 appears below (all figures in millions, except per share amounts). These estimates are based on a number of assumptions that management believes to be reasonable and reflect the Company's expectations as of the date of this release. Actual results may differ materially from these estimates as a result of various factors, and the Company refers you to the cautionary language regarding "Forward Looking Statements" included in this press release when considering this information.

	Previous	**Updated**
Revenue	$720 - $730	$722 - $732
Revenue, excluding the impact from purchase accounting	$724 - $734	$724 - $734
Net income	($1) - $2	$8 - $10
Adjusted EBITDA	$250 - $256	$250 - $256
Adjusted net income	$106 - $111	$107 - $111
Adjusted net income per diluted share	$0.87 - $0.89	$0.87 - $0.89
Pro-forma fully diluted weighted average shares outstanding	-	124.3

Additionally, for the full fiscal year ending December 31, 2018, we expect (all figures in millions):

	Previous	**Updated**
Depreciation expense	$31 - $33	$31 - $33
Amortization expense	$112 - $115	$106 - $110
Amortization expense included in cost of revenue	$22 - $24	$23 - $25
Interest expense	$80 - $83	$79 - $82
Debt extinguishment costs	$6 - $7	$2 - $3
Interest expense, net of debt extinguishment costs	$74 - $76	$77 - $79
Cash interest expense	$62 - $65	$64 - $66
Stock-based compensation	$5 - $6	$5 - $6
Capital expenditures inclusive of capitalized software development	$30 - $35	$32 - $36

The updated outlook above assumes LIBOR of approximately 2.3% and EURIBOR of approximately 0.0%, the inclusion of a full year of results from our acquisition of CEDROM, and the inclusion of 11 months of results from our acquisition of PRIME Research. CEDROM's pro forma revenues for the 12 months ended December 31, 2017 were approximately $15 million, and PRIME Research's pro forma revenues for the 12 months ended December 31, 2017 were approximately $44 million. The above outlook also assumes the following exchange rates with respect to the British Pound, the Euro and the Canadian Dollar for fiscal year 2018:

GBP to	

USD	1.35
EUR to USD	1.20
CAD to USD	0.79

Additionally, our outlook for 2018 excludes the impact of any additional share issuances in connection with our exchange offer and consent solicitation relating to certain outstanding warrants, future acquisitions, divestitures, or other unanticipated events. See discussion of non-GAAP financial measures below in this release.

First Quarter 2018 Conference Call Details

As previously announced, we will hold a conference call to review our first quarter 2018 financial results via conference call on Tuesday, May 8th at 5:00 pm EDT. To hear the live event, visit the Cision investor website at http://investors.cision.com, or by dialing 1-877-443-4809 (participant dial in toll free) or 1-412-317-5235 (participant dial in International). The conference call will be simultaneously webcast on the Investor Relations section of our website: http://investors.cision.com

Forward-Looking Statements

This communication contains "forward-looking statements" within the meaning of the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995. In this context, forward-looking statements often address expected future business and financial performance and financial condition, and often contain words such as "anticipate," "intend," "plan," "goal," "seek," "aim," "strive," "believe," "see," "project," "predict," "estimate," "expect," "continue," "strategy," "future," "likely," "may," "might," "should," "will," "would," "target," similar expressions, and variations or negatives of these words. Forward-looking statements are neither historical facts nor assurances of future performance. Instead, they are based only on our current beliefs, expectations, and assumptions regarding the future of our business, future plans and strategies, projections, anticipated events and trends, the economy, and other future conditions. Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks, and changes in circumstances that are difficult to predict and many of which are outside of our control. Accordingly, you should not place undue reliance on these statements, as actual results may vary materially. A detailed discussion of some of the risks and uncertainties that could cause our actual results and financial condition to differ materially from the forward-looking statements is described under the caption "Risk Factors" in our most recent annual report on Form 10-K filed on March 13, 2018, along with our other filings with the U.S. Securities and Exchange Commission. Any forward-looking statement made by us in this communication is based only on information currently available to us and speaks only as of the date of this release. We do not assume any obligation to publicly provide revisions or updates to any forward-looking statements, whether as a result of new information, future developments or otherwise, should circumstances change, except as otherwise required by securities and other applicable laws. Please consult our public filings at www.sec.gov or www.cision.com.

About Cision

Cision Ltd. (NYSE: CISN) is a leading global provider of earned media software and services to public relations and marketing communications professionals. Cision's software allows users to identify key influencers, craft and distribute strategic content, and measure meaningful impact. Cision has over 4,000 employees with offices in 15 countries throughout the Americas, EMEA, and APAC. For more information about its award-winning products and services, including the Cision Communications Cloud®, visit www.cision.com and follow Cision on Twitter @Cision.

Cision Ltd. and its Subsidiaries

Condensed Consolidated Balance Sheets

As of March 31, 2018 and December 31, 2017

(in thousands, except per share and share amounts)

(Unaudited)

	2018	2017
Assets		

Current assets:		
Cash and cash equivalents	$ 107,848	$ 148,654
Accounts receivable, net	127,433	113,008
Prepaid expenses and other current assets	24,026	19,896
Total current assets	259,307	281,558
Property and equipment, net	55,351	53,578
Other intangible assets, net	462,378	456,291
Goodwill	1,198,360	1,136,403
Other assets	5,656	7,528
Total assets	$ 1,981,052	$ 1,935,358
Liabilities and Stockholders' Equity		
Current liabilities:		
Current portion of long-term debt	$ 13,430	$ 13,349
Accounts payable	14,123	13,327
Accrued compensation and benefits	26,885	25,873
Other accrued expenses	80,302	73,483
Current portion of deferred revenue	162,938	140,351
Total current liabilities	297,678	266,383
Long-term debt, net of current portion	1,273,747	1,266,121
Deferred revenue, net of current portion	1,340	1,412
Deferred tax liability	42,840	62,617
Other liabilities	21,991	22,456
Total liabilities	1,637,596	1,618,989
Stockholders' equity:		
Preferred stock, $0.0001 par value, 20,000,000 shares authorized; no shares issued and outstanding at March 31, 2018 and December 31, 2017	-	-
Common stock, $0.0001 par value, 480,000,000 shares authorized; 124,370,566 and 122,634,922 shares issued and outstanding at March 31, 2018 and December 31, 2017, respectively	12	12
Additional paid-in capital	793,298	771,813
Accumulated other comprehensive loss	(28,036)	(35,111)
Accumulated deficit	(421,818)	(420,345)
Total stockholders' equity	343,456	316,369
Total liabilities and stockholders' equity	$ 1,981,052	$ 1,935,358

Cision Ltd. and its Subsidiaries

Condensed Consolidated Statements of Operations and Comprehensive Income (Loss)

For the Three Months Ended March 31, 2018 and March 31, 2017

(in thousands, except per share and share amounts)

(Unaudited)

	2018	% of Revenue	2017	% of Revenue

Revenue	$ 179,293	100.0%	$ 145,818	100.0%
Cost of revenue	64,278	35.9%	45,066	30.9%
Gross profit	115,015	64.1%	100,752	69.1%
Operating costs and expenses:				
Sales and marketing	29,679	16.6%	27,290	18.7%
Research and development	6,700	3.7%	5,452	3.7%
General and administrative	46,222	25.8%	40,232	27.6%
Amortization of intangible assets	20,250	11.3%	21,011	14.4%
Total operating costs and expenses	102,851	57.4%	93,985	64.5%
Operating income	12,164	6.8%	6,767	4.6%
Non operating income (expense):				
Foreign exchange losses	(7,883)	(4.4%)	(1,948)	(1.3%)
Interest and other income (loss), net	(256)	(0.1%)	2,049	1.4%
Interest expense	(19,688)	(11.0%)	(36,915)	(25.3%)
Loss on extinguishment of debt	(2,432)	(1.4%)	-	0.0%
Total non operating loss	(30,259)	(16.9%)	(36,814)	(25.2%)
Loss before income taxes	(18,095)	(10.1%)	(30,047)	(20.6%)
Benefit from income taxes	(17,682)	(9.9%)	(7,054)	(4.8%)
Net loss	$ (413)	(0.2%)	$ (22,993)	(15.8%)
Other comprehensive income - foreign currency translation adjustments	7,075		5,894	
Comprehensive income (loss)	$ 6,662		$ (17,099)	
Net loss per share:				
Basic and diluted	$ (0.00)		$ (0.81)	
Weighted average shares outstanding used in computing per share amounts:				
Basic and diluted	123,946,264		28,369,644	

Cision Ltd. and its Subsidiaries

Condensed Consolidated Statements of Cash Flows

For the Three Months Ended March 31, 2018 and March 31, 2017

(in thousands)

(Unaudited)

	2018	2017
Cash flows from operating activities		
Net loss	$ (413)	$ (22,993)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	33,277	32,592

Non-cash interest charges and amortization of debt discount and deferred financing costs	3,198	7,149
Equity-based compensation expense	1,341	993
Provision for doubtful accounts	1,572	368
Deferred income taxes	(18,791)	(7,858)
Unrealized currency translation losses	7,864	1,775
Gain on sale of business	-	(1,785)
Other	60	(164)
Changes in operating assets and liabilities, net of effects of acquisitions and disposal:		
Accounts receivable	(6,812)	1,637
Prepaid expenses and other current assets	(2,979)	423
Other assets	48	64
Accounts payable	(443)	(625)
Accrued compensation and benefits	(17)	(8,597)
Other accrued expenses	(3,330)	1,932
Deferred revenue	20,853	9,656
Other liabilities	(875)	(1,729)
Net cash provided by operating activities	36,303	12,838
Cash flows from investing activities		
Purchases of property and equipment	(3,739)	(3,513)
Software development costs	(5,033)	(4,074)
Acquisitions of businesses, net of cash acquired of $2,711 and $11,457	(62,713)	(49,081)
Proceeds from disposal of business	-	23,675
Net cash used in investing activities	(71,485)	(32,993)
Cash flows from financing activities		
Proceeds from term credit facility, net of debt discount of $1,108	-	28,892
Repayments of term credit facility	(3,362)	(2,825)
Payments on capital lease obligations	-	(58)
Payments of deferred financing costs	(131)	-
Payment of contingent consideration	(2,873)	–
Net cash provided by (used in) financing activities	(6,366)	26,009
Effect of exchange rate changes on cash and cash equivalents	742	341
Increase (decrease) in cash and cash equivalents	(40,806)	6,195
Cash and cash equivalents		
Beginning of period	148,654	35,135
End of the period	$ 107,848	$ 41,330
Supplemental non-cash information		
Issuance of securities by Cision Owner in Connection with acquisition	$ -	$ 7,000

Issuance of shares for acquisition	20,143	-

Use of Non-GAAP Financial Measures

Non-GAAP results are presented only as a supplement to our financial statements based on U.S. generally accepted accounting principles (GAAP). Non-GAAP financial information is provided to enhance the reader's understanding of our financial performance, but none of these non-GAAP financial measures are recognized terms under GAAP, and non-GAAP measures should not be considered in isolation or as a substitute for financial measures calculated in accordance with GAAP. Reconciliations of the most directly comparable GAAP measures to non-GAAP measures, such as Adjusted EBITDA and Adjusted net income per share, are provided within the schedules attached to this release. We use non-GAAP measures in our operational and financial decision-making, believing that it is useful to exclude certain items in order to focus on what we deem to be a more reliable indicator of ongoing operating performance and our ability to generate cash flow from operations. As a result, internal management reports used during monthly operating reviews include Adjusted EBITDA, Adjusted net income per diluted share and organic revenue growth. We define organic revenue growth as the change in our total revenue excluding non-core revenues, calculated on a constant currency basis after giving pro forma effect to all acquisitions as though they occurred at the beginning of the applicable period. Additionally, we believe that the presentation of non-GAAP measures provides information that is useful to investors, research analysts, investment banks and lenders under our 2017 First Lien Credit Facility as it indicates, for example, our ability to meet capital expenditures and working capital requirements and otherwise meet our obligations as they become due. Investors are cautioned that non-GAAP financial measures are not a substitute for GAAP disclosures. This communication also includes certain forward-looking non-GAAP financial measures. We are unable to present without unreasonable efforts a reconciliation of forward-looking non-GAAP financial information to the corresponding GAAP financial information because management cannot reliably predict all of the necessary information. Forward-looking non-GAAP financial information is based on numerous assumptions, including assumptions with respect to general business, economic, market, regulatory and financial conditions and various other factors, all of which are difficult to predict and many of which are beyond our control. Accordingly, investors are cautioned not to place undue reliance on this information.

Non-GAAP measures are frequently used by securities analysts, investors, and other interested parties in their evaluation of companies comparable to Cision, many of which present non-GAAP measures when reporting their results. These measures can be useful in evaluating our performance against our peer companies because we believe the measures provide users with valuable insight into key components of GAAP financial disclosures. However, non-GAAP measures have limitations as an analytical tool. Non-GAAP measures are not necessarily comparable to similarly titled measures used by other companies. They are not presentations made in accordance with GAAP, are not measures of financial condition or liquidity, and should not be considered as an alternative to profit or loss for the period determined in accordance with GAAP or operating cash flows determined in accordance with GAAP. As a result, you should not consider such performance measures in isolation from, or as a substitute analysis for, results of operations as determined in accordance with GAAP.

Cision Ltd. and its Subsidiaries

Reconciliation of Net Loss to EBITDA and Adjusted EBITDA

For the Three Months Ended March 31, 2018 and March 31, 2017

(in millions)

(Unaudited)

	2018	2017	Change
Net loss	$ (0.4)	$ (23.0)	$ 22.6
Depreciation and amortization	33.3	32.6	0.7
Interest expense and loss on extinguishment of debt	22.1	36.9	(14.8)
Benefit from income taxes	(17.7)	(7.0)	(10.7)
EBITDA (1)	37.3	39.5	(2.2)
Acquisition and offering related costs	10.9	8.2	2.7

Gain on sale of business	-	(1.8)	1.8
Stock-based compensation	1.3	1.0	0.3
Deferred revenue reduction from purchase accounting	0.9	-	0.9
Sponsor fees and expenses	-	0.1	(0.1)
Unrealized translation loss	7.9	1.8	6.1
Adjusted EBITDA (2)	$ 58.3	$ 48.8	$ 9.5

Cision Ltd. and its Subsidiaries

Reconciliation of Net Loss to Adjusted Net Income and Adjusted Net Income per Diluted Share

For the Three Months Ended March 31, 2018 and March 31, 2017

(in millions, except for per share amounts)

(Unaudited)

	2018	2017	Change
Net loss	$ (0.4)	$ (23.0)	$ 22.6
Benefit from income taxes	(17.7)	(7.1)	(10.6)
Acquisition and offering related costs	10.9	8.2	2.6
Gain on sale of business	-	(1.8)	1.8
Stock-based compensation	1.3	1.0	0.3
Deferred revenue reduction from purchase accounting	0.9	-	0.9
Amortization related to acquired intangible assets	25.9	26.7	(0.8)
Non-recurring interest and loss on extinguishment of debt	2.4	2.9	(0.5)
Sponsor fees and expenses	-	0.1	(0.1)
Unrealized translation loss	7.9	1.8	6.1
Adjusted Income before income taxes	31.3	8.9	22.4
Less: Income tax at a 26% rate for 2018, and a 33% rate for 2017	(8.1)	(2.9)	(5.2)
Adjusted net income (3)	$ 23.1	$ 6.0	$ 17.2
Pro forma fully-diluted weighted average shares outstanding	123.9	82.1	41.9
Adjusted net income per diluted share (4)	$0.19	$0.07	$0.12

Cision Ltd. and its Subsidiaries

Reconciliation of Net Cash Provided by Operating Activities to Adjusted Net Cash Provided by Operating Activities

For the Three Months Ended March 31, 2018 and March 31, 2017

(in millions)

(Unaudited)

	2018	2017	Change
Net cash provided by operating activities	$ 36.3	$ 12.8	$ 23.5

Acquisition and offering related costs	10.9	8.2	2.7
Adjusted net cash provided by operating activities (5)	$ 47.2	$ 21.0	$ 26.2

(1) Cision defines EBITDA as net income (loss), plus depreciation and amortization expense, plus interest expense and loss on extinguishment of debt, plus provision for (or minus benefit from) income taxes.

(2) Cision defines Adjusted EBITDA as EBITDA, further adjusted for acquisition and offering related costs, stock-based compensation, deferred revenue reduction from purchase accounting, (gains) losses related to divested businesses or assets, sponsor fees and expenses, and unrealized translation losses (gains). All of the items included in the reconciliation from net income to Adjusted EBITDA are either non-cash items or are items that we consider to be less useful in assessing our operating performance. In the case of the non-cash items, we believe that investors can better assess our operating performance if the measures are presented without such items because, unlike cash expenses, these adjustments do not affect our ability to generate free cash flow or invest in our business. For example, by excluding depreciation and amortization from EBITDA, users can compare operating performance without regard to different accounting determinations such as useful life. In the case of the other items, we believe that investors can better assess operating performance if the measures are presented without these items because their financial impact does not reflect ongoing operating performance.

(3) Cision defines Adjusted net income as net income (loss) plus provision for (or minus benefit from) income taxes, further adjusted for acquisition and offering related costs, (gains) losses related to divested businesses or assets, stock-based compensation, deferred revenue reduction from purchase accounting, amortization related to acquired intangibles, non-recurring interest and losses on extinguishment of debt, sponsor fees and expenses, and unrealized translation losses (gains), which together, sum to Adjusted net income (loss) before income taxes. Adjusted net income (loss) before income taxes is then taxed at an assumed long term corporate tax rate of 33% for 2017 and periods prior, and 26% for 2018 and beyond, pursuant to our preliminary analysis with respect to recent U.S. tax law changes, to determine Adjusted net income. All of the items included in the reconciliation from net income to Adjusted net income are either non-cash items or are items that we consider to be less useful in assessing our operating performance. In the case of the non-cash items, we believe that investors can better assess our operating performance if the measures are presented without such items because, unlike cash expenses, these adjustments do not affect our ability to generate free cash flow or invest in our business. For example, by excluding the amortization related to acquired intangibles, users can compare operating performance without regard to highly variable amortization expenses related to our acquisitions. In the case of the other items, we believe that investors can better assess operating performance if the measures are presented without these items because their financial impact does not reflect ongoing operating performance.

(4) Cision defines Adjusted net income per diluted share as Adjusted net income, as defined above, divided by the fully-diluted pro forma weighted average shares outstanding for the period. The fully-diluted pro forma weighted average shares outstanding for the respective period assume that the exchange of shares pursuant to our merger with Capitol Acquisition III had taken effect as of the beginning of such period. Additionally, for purposes of calculating the number of fully diluted shares outstanding, we have excluded the potential impact of dilution from outstanding warrants to purchase shares of our common stock, and stock options and restricted units issued and outstanding pursuant to our 2017 Omnibus Incentive Plan. Using our average share price of $11.89 for the three months ended March 31, 2018, our fully-diluted pro forma weighted average shares outstanding for the three months ended March 31, 2018 would have been approximately 124.8 million had we incorporated the dilutive effects of the warrants, stock options and restricted units.

(5) Cision defines Adjusted net cash provided by operating activities as net cash provided by operating activities adjusted for acquisition and offering related costs.

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