FINANCIAL ANALYST PORTFOLIO | PROJECT 02

Integrated Budgeting Model Case Study

A linked FY2026 budget for an advertising and SEO agency

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Finance, Strategy & Decision Intelligence

CONTEXT & APPROACH

The business question

BUSINESS CONTEXT

99 Agency sells advertising and SEO campaigns to a small group of large clients. In FY2025 it earned $101.7M in revenue and $16.4M in net income.

OBJECTIVE

Build a linked FY2026 budget from business drivers, covering the income statement, balance sheet and cash flow.

ANALYTICAL APPROACH

1

Revenue

Built bottom-up by client and top-down by market, then averaged.

2

Costs & balance sheet

Campaign volumes, headcount, SG&A;, assets, working capital and debt.

3

Master budget

Three statements linked, with a balance check every quarter.

Tables in this report are in $'000.

BUDGET FINDINGS

Profit grows faster than revenue

The FY2026 budget lifts revenue **17.1%** to $119.2M and net income **58%** to $25.9M. Cost of sales and SG&A grow only 8 to 9%.

in '000	FY 2025	FY 2026
Revenue Ad Campaigns	73,269	90,140
Revenue SEO Campaigns	28,463	29,033
Total Revenue	**101,732**	**119,173**
Cost of Ads	(40,513)	(43,266)
Cost of SEO Campaigns	(18,618)	(20,963)
Gross Profit	**42,601**	**54,943**
SG&A	(23,065)	(24,984)
EBITDA	**19,536**	**29,959**
D&A	(340)	(321)
EBIT	**19,196**	**29,639**
Interest Expense	(936)	(850)
EBT	**18,260**	**28,789**
Taxes	(1,826)	(2,879)
Net Income	**16,434**	**25,910**

FY2025 actuals beside the FY2026 budget.

41.9% to 46.1%
Gross margin

19.2% to 25.1%
EBITDA margin

$0.6M to $22.1M
Year-end cash

BUDGET BUILD & WATCH POINTS

Where the budget is exposed

Revenue is the average of two methods that sit **$23M apart**.

Bottom-Up Approach	107,709
Top-Down Approach	130,637
Average Revenue Projection	**119,173**
Previous Year	101,732
Y-o-Y Growth %	**17.1%**

Client-level (bottom-up) pricing supports +5.9%. Market share (top-down) supports +28.4%.

	FY 2026	Var% Y-o-Y
Revenue Ad campaigns	90,140	23%
Revenue SEO campaigns	29,033	2%
Total Revenue	**119,173**	**17.1%**

Ad revenue absorbs the difference: +23%, against +2% for SEO.

KEY ASSUMPTIONS

Cost per campaign stays flat at $7.7k (ads) and $2.1k (SEO). Commissions are 10% of revenue, other SG&A is fixed, and tax is 10%.

RECOMMENDATIONS

1. **Reconcile the two revenue views**
   Resolve the $23M gap before the budget is approved.

2. **Stress-test ad pricing**
   The budget implies about 15% higher revenue per ad campaign.

3. **Plan for cash and receivables**
   Receivables grow $10.4M while cash builds to $22.1M.

SKILLS, LIMITS & TAKEAWAY

What this project shows

KEY SKILLS DEMONSTRATED

- Three-statement budgeting
- Driver-based cost modelling
- Model integrity checks
- Bottom-up and top-down forecasting
- Working capital and debt schedules

PRINCIPAL LIMITATIONS

- One scenario only, with no sensitivity analysis.
- Revenue is a simple average of two methods.
- Other assets, liabilities and equity are held flat.

PROJECT TAKEAWAY

The budget balances and links cleanly, but its profit uplift rests on one assumption: 23% growth in ad revenue.