



FUTURE

Connectors. Creators. Experience Makers.

Future plc 2018 Results

23rd November 2018

Contents

- Executive summary
- Our strategy
- Financial review
- Business update and strategy



Executive summary

Another outstanding set of results...

- Group **revenue up 48%** year-on-year to **£124.6m**
- **Organic revenue* growth of 11%** driven by increasing scale and yield maximisation
- Strong growth in **EBITDA**, up **88%** to **£20.7m**
- Strong balance sheet underpins recommencement of **dividend payments**

...underpinned by our strategy

- Diversification of revenue streams ongoing
- Investment in tech platform, back office and people, facilitating growth
- Growth of global reach and increasingly effective monetisation of audience

Focus on ongoing execution of strategy...

- Increase focus on geographical diversification and business channels (B2C & B2B)
- Continue to build a scalable tech-enabled platform
- Look to grow organically and continue to find small bolt-on opportunities and large transformational deals as appropriate

...with acquisitions integration on track

- NewBay and Haymarket titles acquisition integration complete
- Purch integration on track

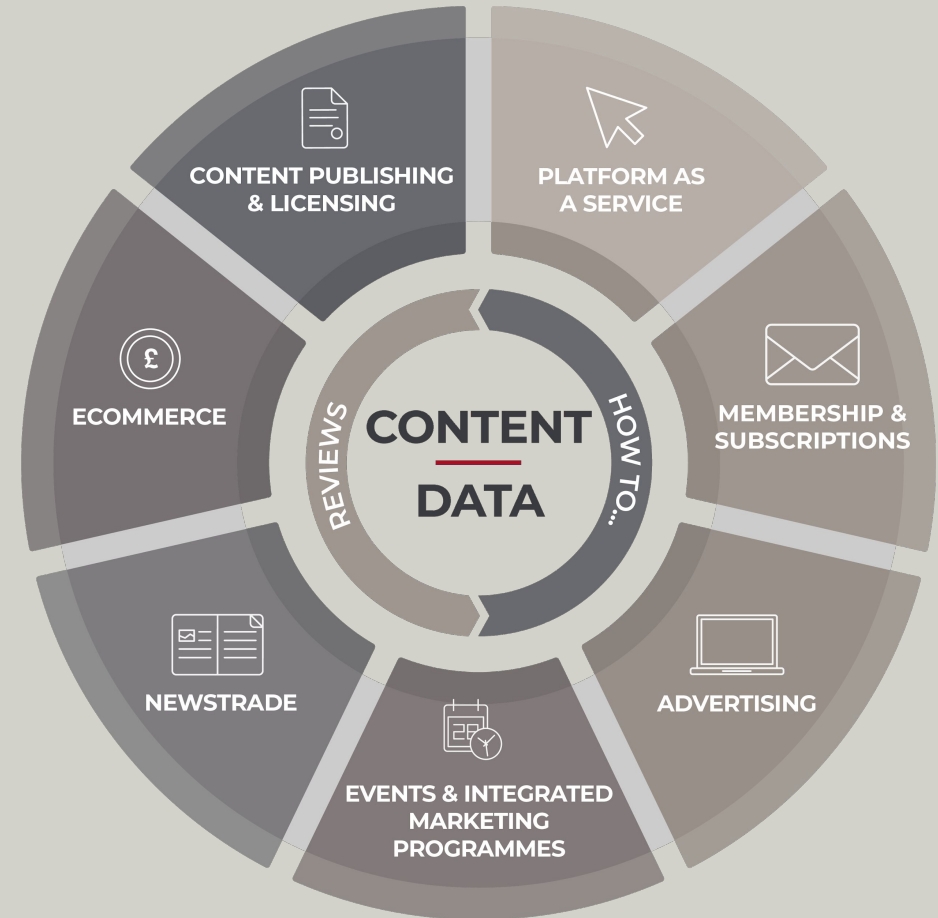
Our strategy

Future is a technology-enabled global platform for specialist media with scalable, diversified brands.

We create fans of our brands by giving them a place they want to spend their time and where they go to meet their needs. We continue to create loyal communities.

We are expanding our global reach through organic growth, acquisitions and strategic partnerships.

We are diversifying our monetisation models to create significant revenue streams.





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Connectors. Creators. Experience Makers.

Financial Review

Penny Ladkin-Brand
Chief Financial Officer

Adjusted financial KPIs



Revenue
£124.6m
(2017: £84.4m)



EBITDA
£20.7m
(2017: £11.0m)



EBITDA margin
17%
(2017: 13%)



EPS* growth
32%
(2017: 130%)



Free cash flows
£17.4m
(2017: £15.3m)



Leverage**
0.86x
(2017: 0.91x)

Adjusted results are adjusted for share-based payments and related social security costs, amortisation of acquired intangibles, exceptional items and non-trading foreign exchange gains

*Diluted EPS restated for impact of rights issue.

**Total net debt divided by EBITDA.

Financial highlights

£m	2018	2017	YoY Var
Revenue	124.6	84.4	48%
EBITDA	20.7	11.0	88%
EBITDA margin	17%	13%	4pp
Adjusted operating profit	18.5	8.9	108%
Diluted EPS*	24.3p	18.4p	32%
Net debt	(17.8)	(10.0)	78%
Free cash flow	17.4	15.3	14%

Adjusted results are adjusted for share-based payments and related social security costs, amortisation of acquired intangibles, exceptional items and non-trading foreign exchange gains
 Free cash flows defined as operating cash flow before exceptional items less capex
 *Diluted EPS restated for impact of rights issue.

- Revenue increased by **48%**, reflecting strong growth
- Organic revenue growth of **11%**
- EBITDA margin improvement reflects growth and increased scale of higher margin Media division activities
- Significant growth in operating profit as low capital-intensive business provides operating leverage

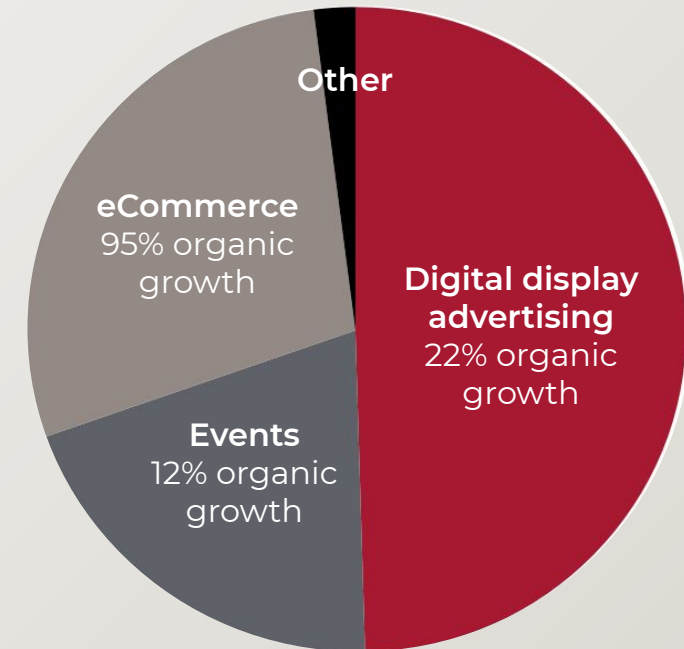
Group performance

Revenue

£m	2018	2017	YoY Var
Media	64.2	34.1	88%
Magazine	60.4	50.3	20%
Total	124.6	84.4	48%
£m	2018	2017	YoY Var
UK	85.5	65.7	30%
US	39.1	18.7	109%
Total	124.6	84.4	48%

Segmental revenue above excludes the impact of intra-group transfer pricing adjustments
Organic growth relates to the like-for-like portfolio i.e. any asset owned for a full year in the comparatives

2018 Media Revenue Mix



- Organic revenue growth of **11%** due to Media organic revenue growth of **40%** which significantly outweighs decline in Magazine organic revenue of **8%**
- Achieved scale in Media division, now **52%** of total revenue
- Fast growth in US organic revenues at **29%** reflective of significant growth opportunity in US market

Group performance

EBITDA

£m	2018	2017	YoY Var
Media Division gross contribution	54.2	27.6	96%
<i>GC margin</i>	<i>84%</i>	<i>81%</i>	<i>3pp</i>
Magazines Division gross contribution	39.7	33.4	19%
<i>GC margin</i>	<i>66%</i>	<i>66%</i>	<i>0pp</i>
Admin costs and other overheads	73.2	50.0	46%
<i>Overheads as % of revenue</i>	<i>59%</i>	<i>59%</i>	<i>0pp</i>
EBITDA	20.7	11.0	88%
<i>EBITDA margin</i>	<i>17%</i>	<i>13%</i>	<i>4pp</i>

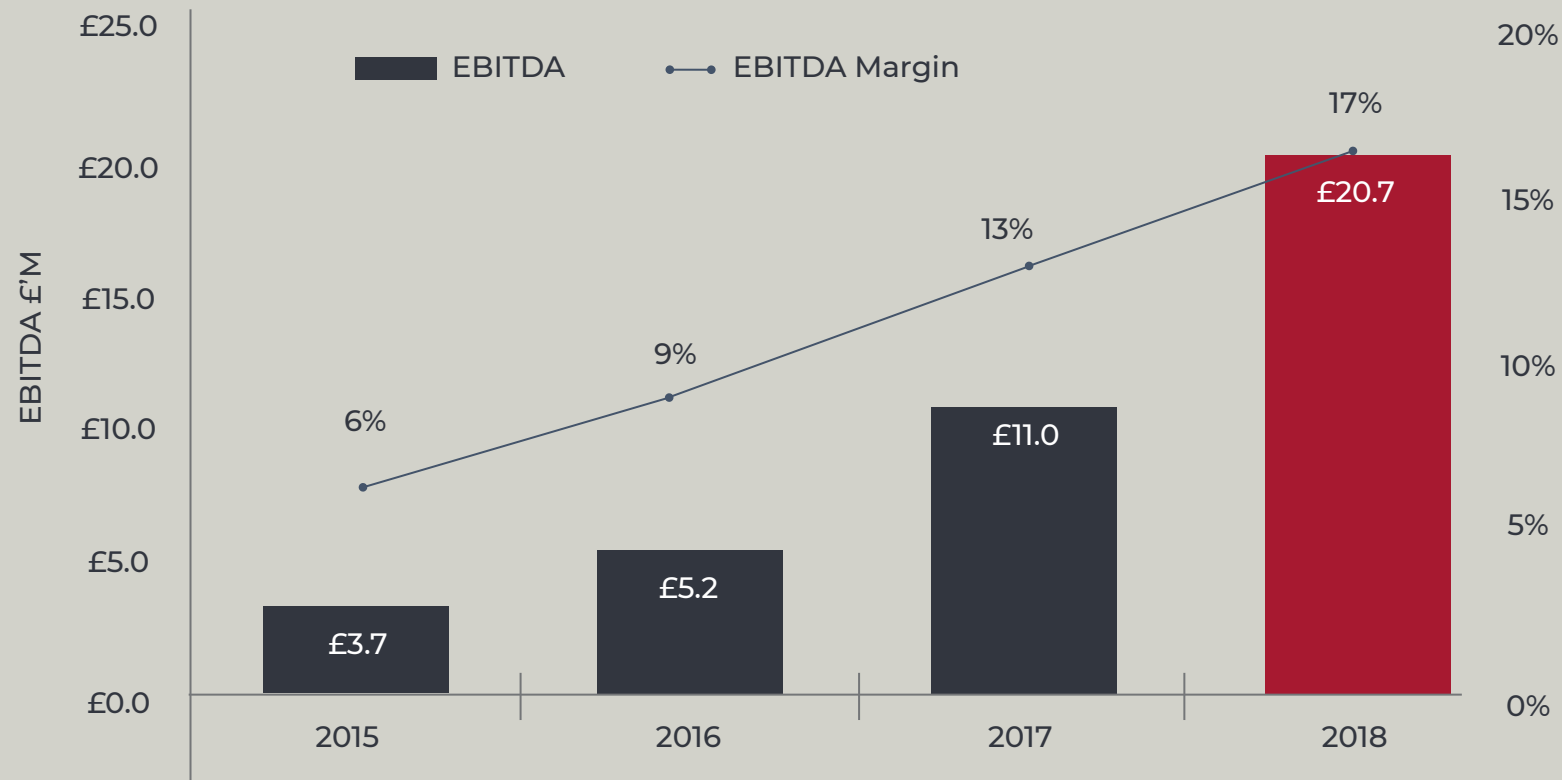
- Gross contribution from Media almost doubled year-on-year
- Adjusted EBITDA increased **88%** reflecting the change in revenue mix with the increased scale of the Media division driving higher profitability
- Media gross contribution margin increased to **84%** as a result of growth of high margin eCommerce revenue
- Magazine gross contribution remained static reflecting strong management of the portfolio
- Admin costs and other overheads increased due to investment in back office teams following significant 2018 acquisitions and top-end performance on staff incentive plan

ZX

Group performance

Growth in EBITDA

Group EBITDA



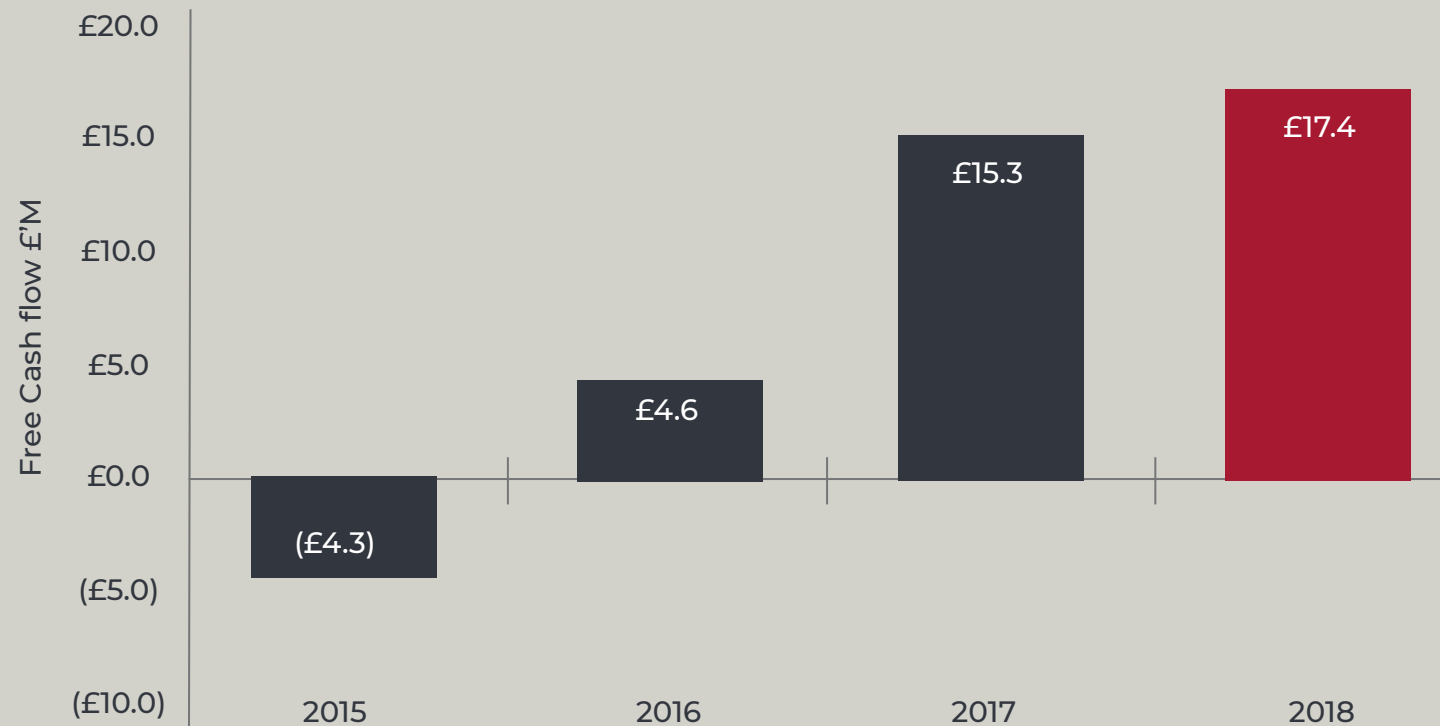
- Rapid EBITDA growth and margin reflects growth of Media division



Group performance

Growth in cash generation

Free Cash flows



Adjusted free cash flow defined as operating cash flows excluding exceptional items and capex

- Highly cash-generative business results in strong free cash flows



Cash flow

£m	2018	2017
Cash from operating activities	19.8	17.1
Restructuring	(5.1)	(5.1)
Tax	(4.0)	(1.4)
Interest	(0.9)	(0.6)
Operating cash flows	9.8	10.0
Capex	(2.4)	(1.8)
Acquisitions	(117.1)	(32.4)
Total investing activities	(119.5)	(34.2)
Share issuance (net of costs)	102.3	21.0
Borrowings (net of fees)	4.0	10.5
Total financing activities	106.3	31.5
Net cash flow	(3.4)	7.3
Exchange adjustments	(0.3)	(0.1)
Free cash flows	17.4	15.3

- Strong cash generated from operations (with adjusted cash conversion of 96%) reflecting highly cash-generative business and continued focus on working capital cycle
- Operating cash flows include payment of full bonus in year
- The acquisition of Purch (£99.3m) was funded by way of rights issue, while the acquisitions of NewBay (£8.8m cash and £1.1m shares) and the Haymarket titles (£9.3m cash and £1.4m shares) were mainly funded through new and existing bank facilities. This is offset by a favourable working capital adjustment (£0.3m) on the Home Interest acquisition
- Restructuring largely relates to acquisition and subsequent integration-related activity and costs
- Capex includes website development (£1.1m) and continued investment in IT infrastructure
- Tax reflects repayment of legacy HMRC debt of £2.7m (repaid in full in June 2018) and payments on account

Low capital intensive business

Capex as a % of EBITDA

£m	2018	2017	2016	2015	2014
Capex	2.4	1.8	1.9	2.0	2.6
EBITDA	20.7	11.0	5.2	3.7	(7.0)
Capex as a % of EBITDA	12%	16%	37%	54%	(37%)

- Capex accounts for only 12% of EBITDA, demonstrating the low capital intensive nature of the business. The reduction in this ratio reflects the scalable nature of the business and its back office infrastructure and platforms
- We are continuing to invest in infrastructure and platform development to drive future growth
- A significant majority of exceptional items arising in the year are in respect of acquisitions and related integration costs, reducing in proportion to the scale increase of the organisation

2018 in summary

- Very positive year with EBITDA up **88%** to **£20.7m**
- Strong organic revenue growth of **11%** and a significant EBITDA margin increase to **17%** was driven by a change in mix to more profitable Media activities
- We completed three significant in-year acquisitions. **NewBay** and **Haymarket** brands are fully integrated, while the **Purch** integration is well on track
- We are significantly cash-generative with strong free cash flows of **£17.4m** (up 14%) and cash conversion of **96%**
- We announced a dividend payment at the end of year (**0.5 p per share**)





Business update & Strategy

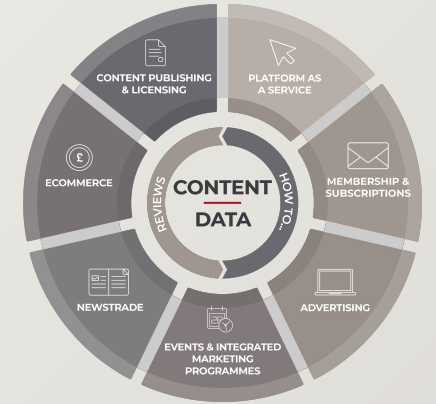
Zillah Byng-Thorne
Chief Executive Officer

FUTURE

Connectors. Creators. Experience Makers.

How we execute our strategy

4 underlying pillars



1 Diversifying our audience

New verticals

- Outdoor Leisure
- Football
- Space

Added B2B expertise

- B2B Music
- B2B TV
- B2B Games

New global audiences

- TechRadar GCC
- TechRadar Scandinavia
- Purch sites

2 Scalable Platform

- Scalable, lean and robust
- Continued improvements in eCommerce and digital advertising
- 4 sites migrated to the Vanilla website platform in 2018, 2 in the start of current year

3 Continued diversification of content monetisation

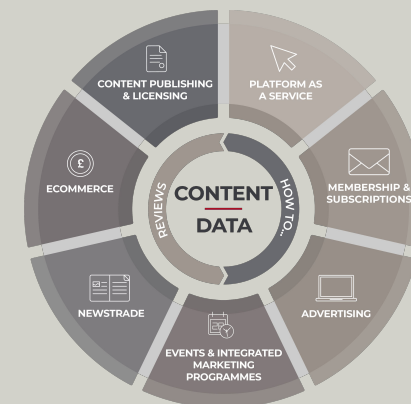
- Growth in events business
- Introduction of B2B business line
- Trialling:
 - Premium content online
 - Monetising the audience that uses ad blockers
 - Language formats
 - eCommerce services

4 Ongoing Investment

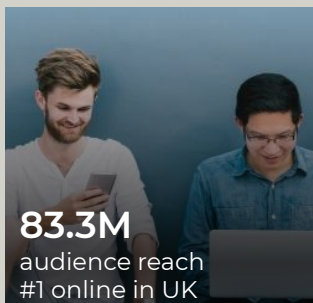
- Buy and build where we can add value
- Continued investment in our technology
- Continued investment in our people
 - Introduced Living Wage
 - Innovative induction event
 - Psychometric-based recruitment to identify "Future Pirates"

Where we operate

Audience diversification through scalable sectors delivering diversified revenues




CONSUMER



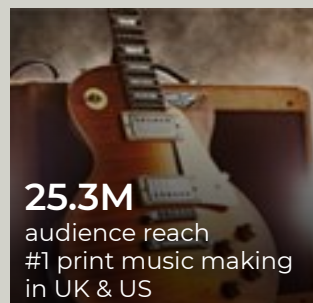
83.3M
audience reach
#1 online in UK

Technology



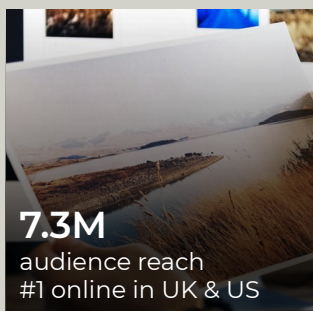
34.9M
audience reach
#1 in PC gaming

Gaming & Entertainment



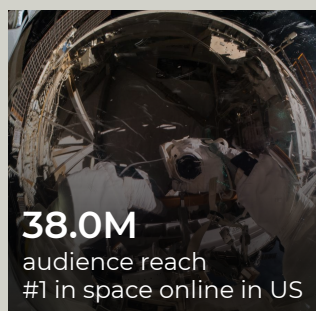
25.3M
audience reach
#1 print music making
in UK & US

Music



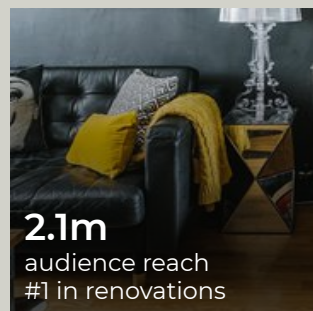
7.3M
audience reach
#1 online in UK & US

Creative & Photography



38.0M
audience reach
#1 in space online in US

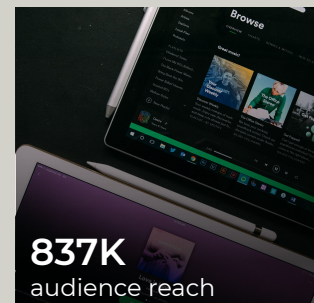
Hobbies



2.1m
audience reach
#1 in renovations

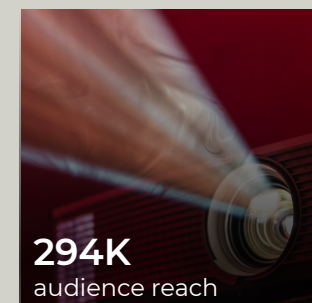
Home Interest

B2B



837K
audience reach

Media Entertainment
& Technology




294K
audience reach

Audio Video Technology



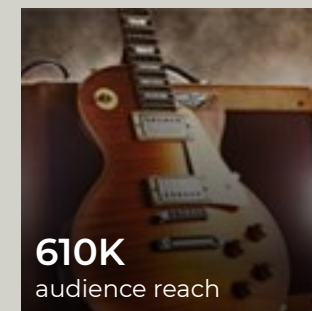
217k
audience reach

Education



556K
audience reach

Consumer Technology
& Gaming



610K
audience reach

Music

Our markets

As a result of our global audiences we operate across three continents: Europe, with offices in the UK and France; the US; and Asia Pacific with an office in Australia. Below is a summary of our locations and audience

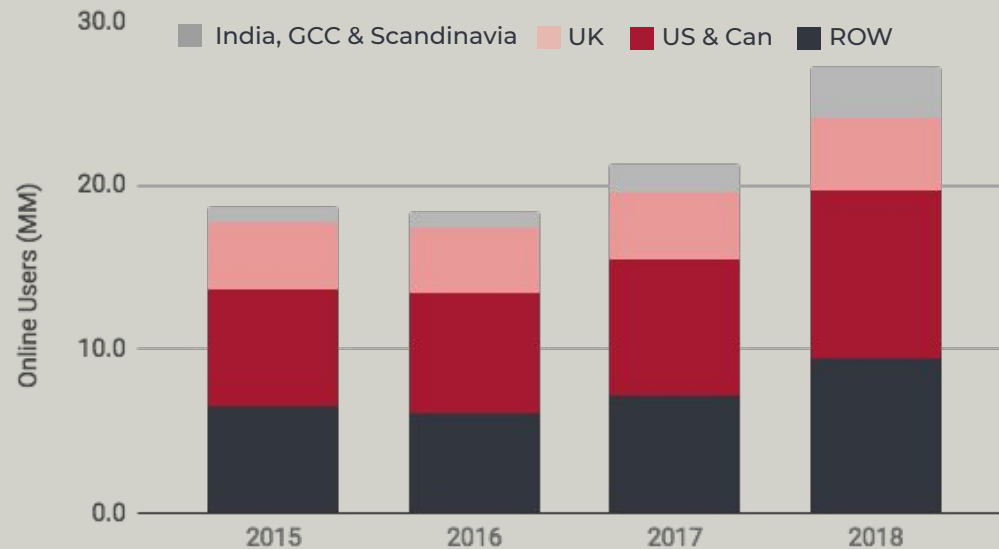


Scalable brands

- We have successfully grown global audience organically, diversifying the audience mix through partnerships
- Overall online users have grown from 49m to 142m in 2018, as a result of acquisitions and organic growth of 12%
- Significant US online users growth of 253%, compared to UK growth of 93%

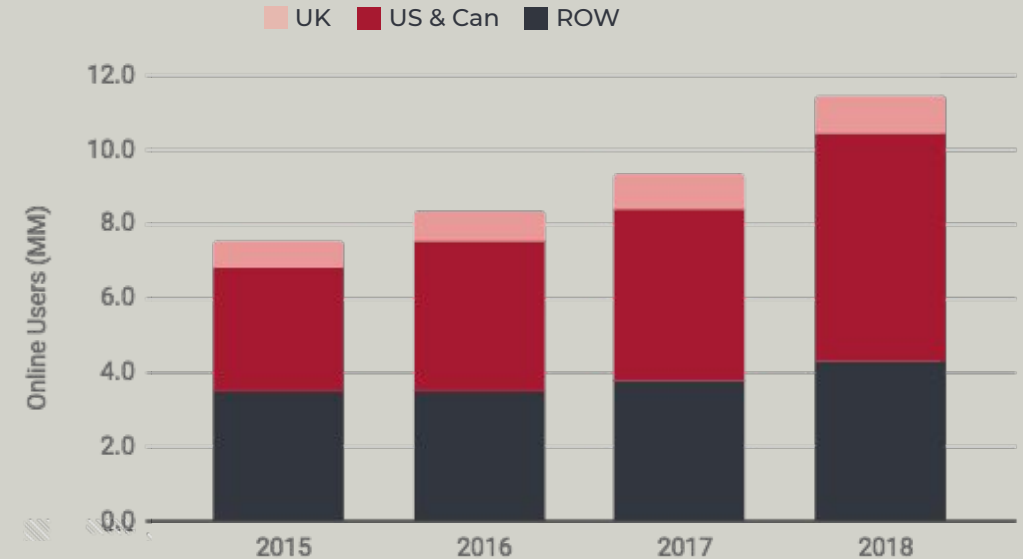
TechRadar Online Users

+13% CAGR



PC Gamer Online Users

+15% CAGR

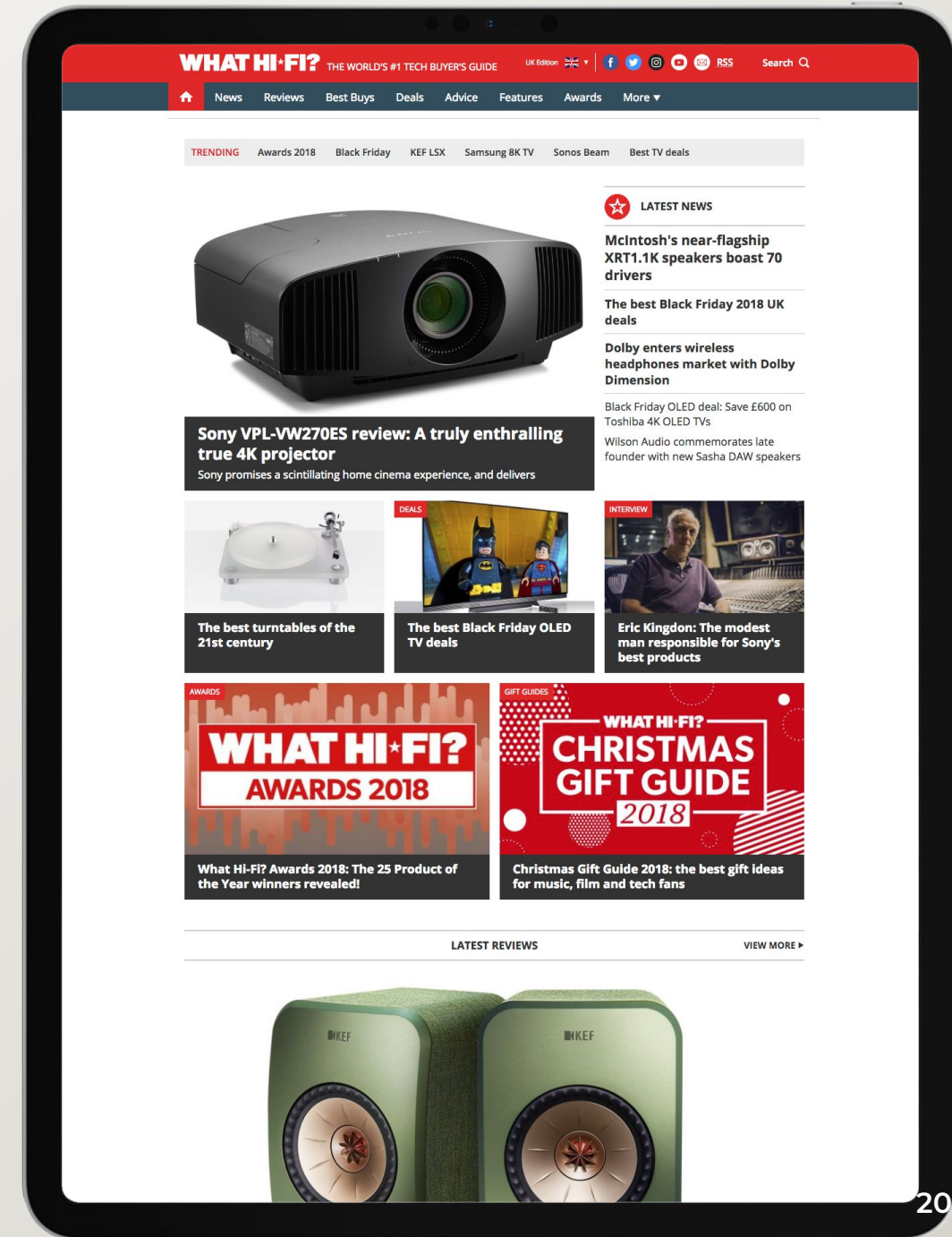


Technology enables scalable platforms

Investment in core operating model
creating a scalable business model

An agile, lean, robust and scalable tech stack

- We now have 15 sites in total on our proprietary platform Vanilla having migrated four in 2018 and a further two in the start of current year already
- Migrated all events websites to a single platform to reduce complexity and costs
- Two new launches in 2018: *Realhomes.com* and *Louder*, a reimagining of *TeamRock.com* brand
- Facilitated **3.2m** eCommerce transactions in 2018
- Delivered **8.6bn** ad impressions in 2018 vs. 5.3bn in 2017
- The sites migrated to Vanilla this year have seen viewability increase by an average of **27%**
- Continued investment in back office and infrastructure

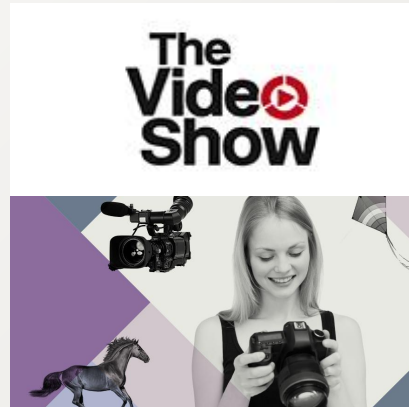


Fans of our brands & loyal communities

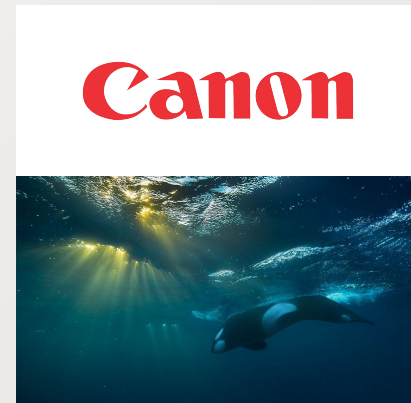
Photography vertical case study



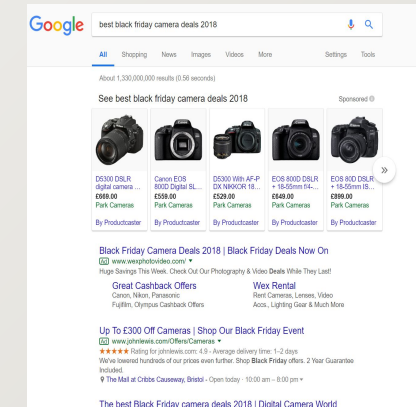
- Launched Oct 2017
- Also Young Photographer of the Year, 6.8k entries in 2018; 38k entries for 2019 so far. 1.3m votes to date



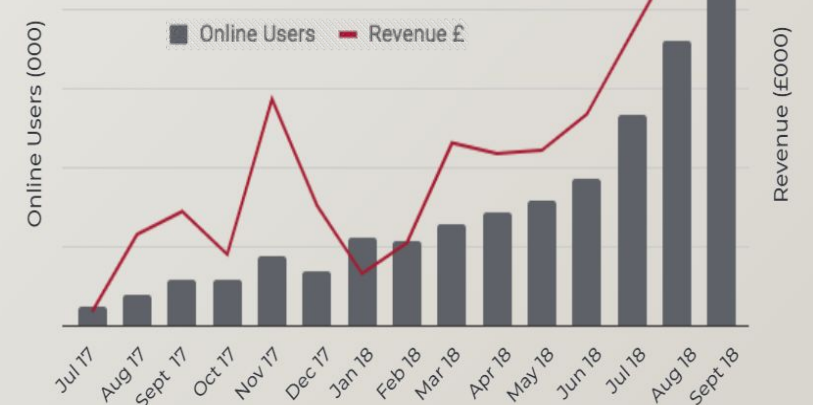
- Launching The Video Show at The Photography Show in 2019



- Future Fusion creative solutions partnership with Canon

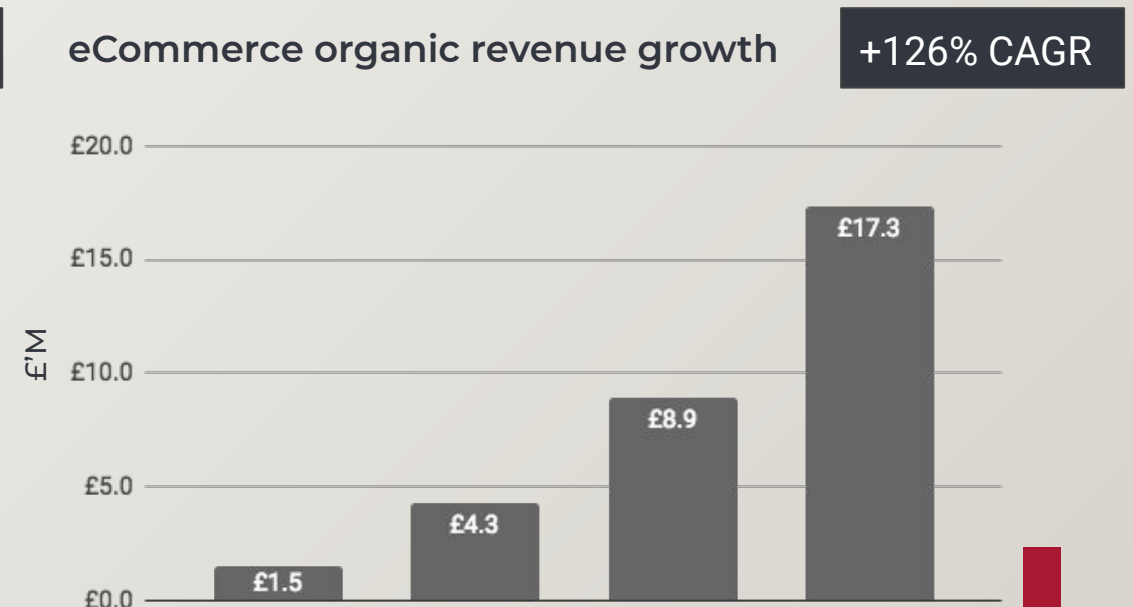
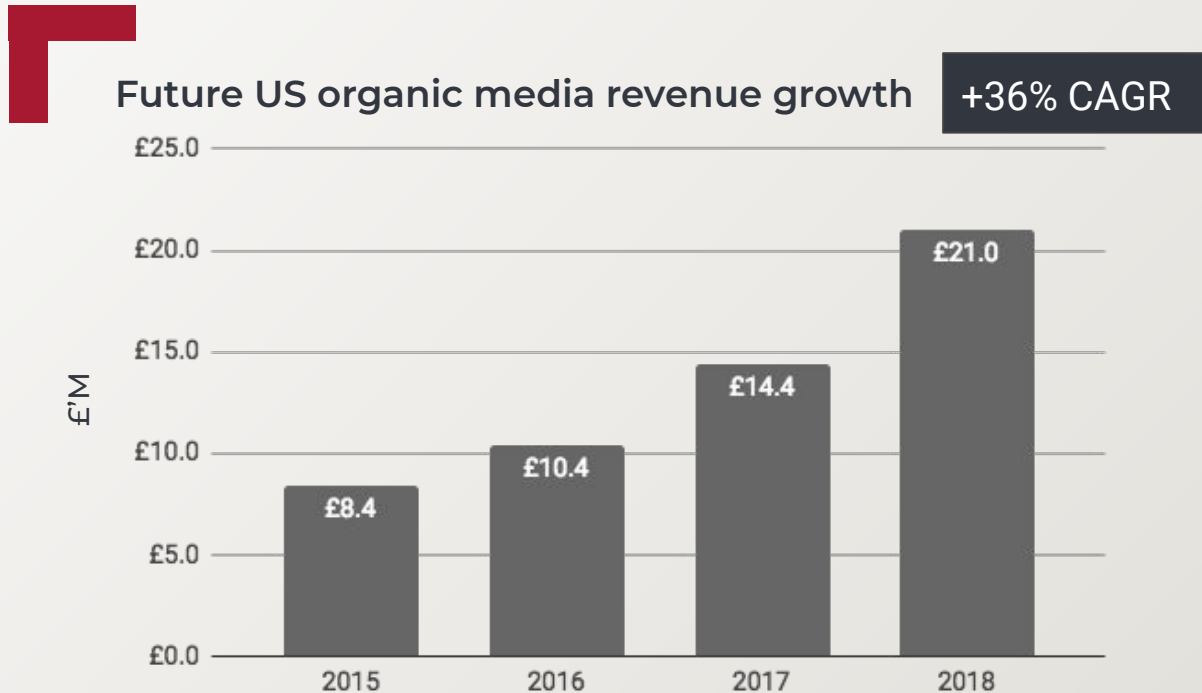


Digital Camera World Growth



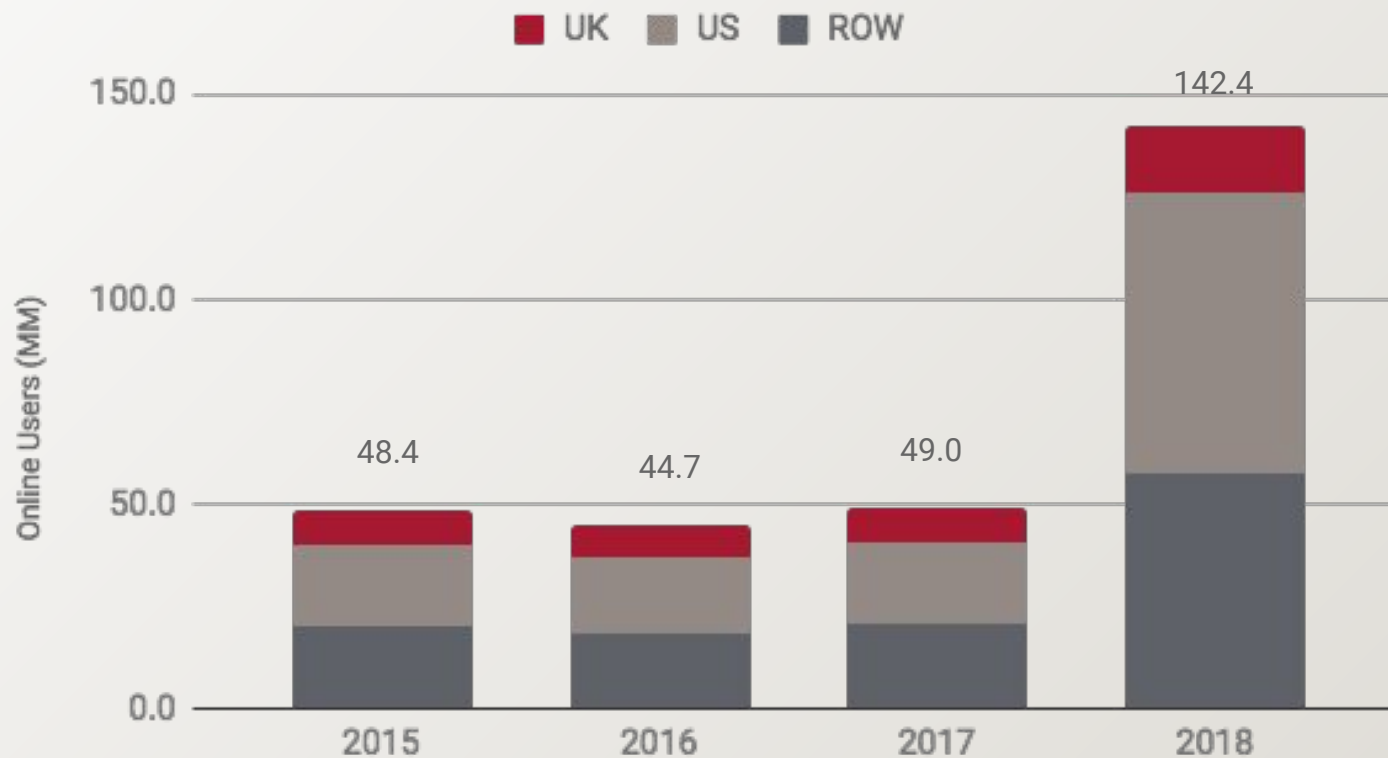
Organic revenues

- We have successfully grown our organic business via growing audiences and developing new formats delivering overall organic growth of 11%
- Our long-standing US business continues to grow organically, with revenue growth of 36% CAGR



Expanding our global reach

Online Users

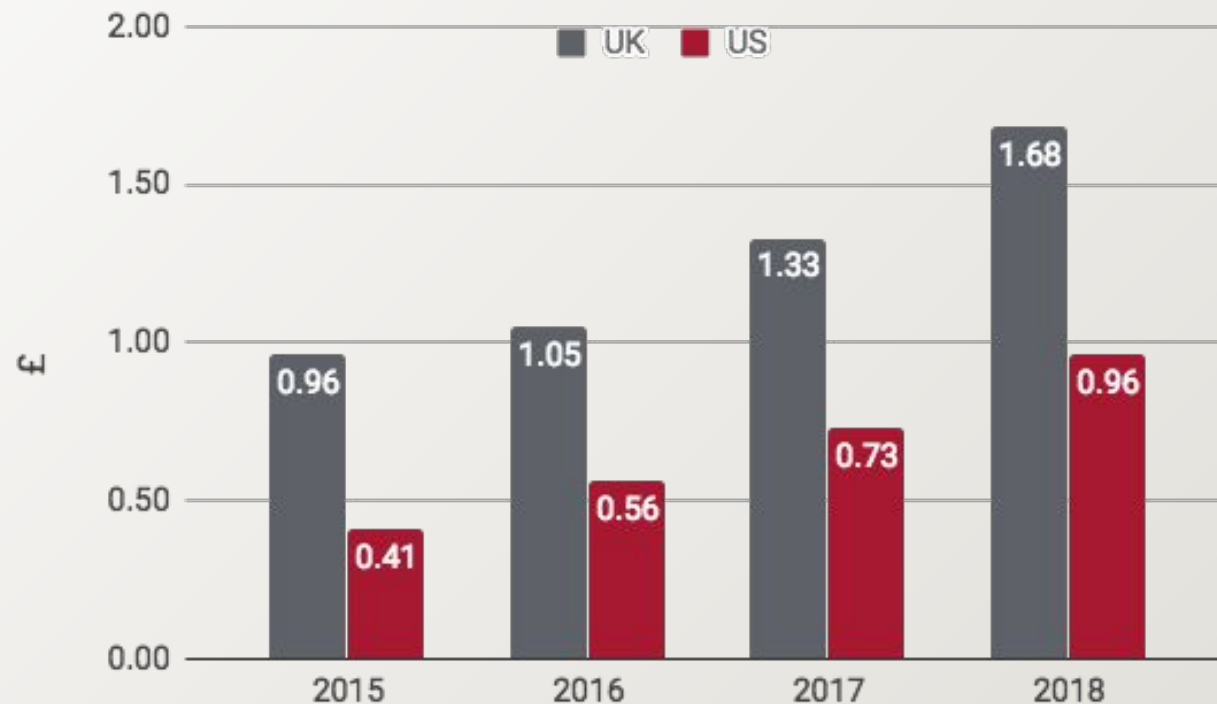


- Growth is both organic and through acquisition; 12% organic growth YoY in online users
- Our success is driven by market leadership in many of the markets we operate in
 - We hold the number one position in the UK and the number two position in the US in consumer technology online

Monetising our audience

Media Revenue Per Online User*

UK : +20% CAGR
US: +33% CAGR

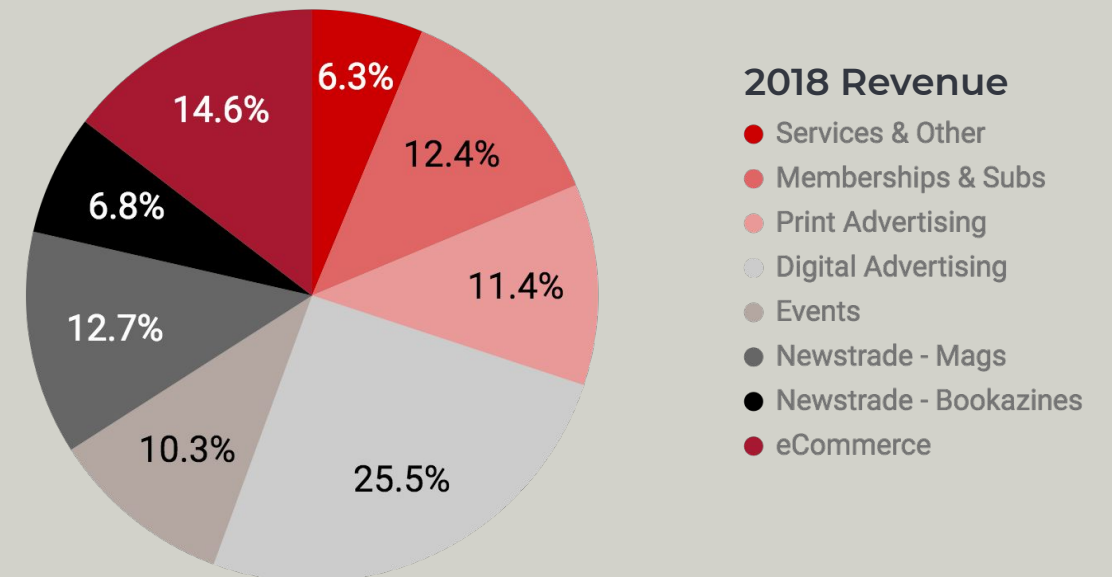
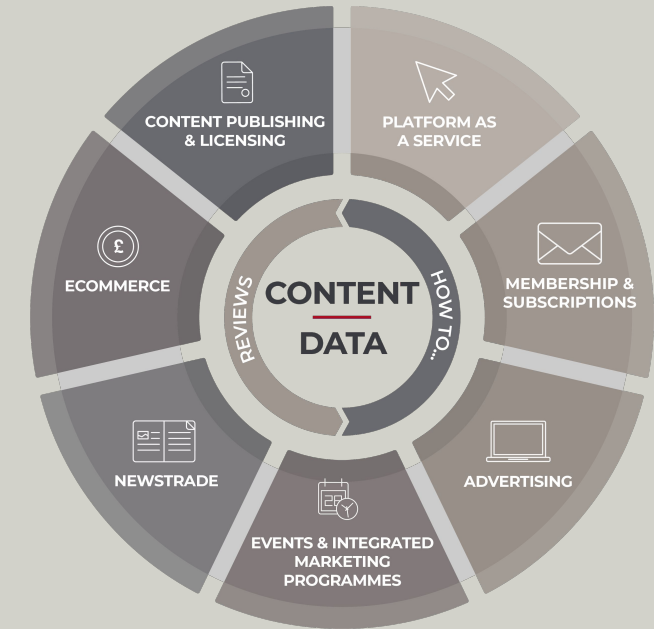


- Growing our global audience represents a real opportunity for further monetisation
- Strong growth in Media Revenue Per Online User (RPU) in both in the UK and US
- US digital display advertising RPU in 2018 increases from £0.58 to £0.62 with the acquisition of Purch

*Purch online users exclude users on forums and Purch revenue includes proforma revenue for the full financial year 2018

Diversified revenues

- We have increased the diversification of our revenue streams significantly over the last four years
- We have grown eCommerce from **£400k** a year in 2013 into a material revenue stream, accounting for around **15%** of revenues
- This has offset the decline in newstrade, which is now only **20%** of total revenues
- The events business, which was nascent five years ago, has now grown to **10%**
- US revenues account for **32%** of total revenues
- Bookazines now make up **35%** of newstrade revenue, demonstrating the enduring nature and value of our IP



Managing the portfolio

- While a core part of our strategy is to grow the business through acquisitions, it is vital that we continue to review the strategic fit of the legacy assets and review the brands based on fit and profitability
- We have a systematic approach to evaluating and reviewing our brands
- Steering committee manages key timelines and identifies clear deliverables
- During 2018 we identified a number of brands to review disposing or closing across the B2C and B2B businesses
- Following this review we have closed nine, disposed of one, and are in advanced discussions about the disposal of one other non-core brand.

Ongoing investment in people

- We introduced a new induction programme
- We introduced the Living Wage. Outside of London we pay almost £1 an hour more than minimum wage. Inside London it's more than £2
- Diversity and gender: We have developed a transparent and inclusive culture which enables everyone, regardless of their background, race, ethnicity or gender, to thrive
 - 33% of our Plc board is made up of females, achieving government targets. 40% of ELT positions are held by women
- Introduction of all-staff profit pool, which paid out an enhanced amount of £2,000 to all staff
- Pledged support of the Ascent CEO promise

12

Office locations in across 4 countries

4.8

Staff average years service

500

Staff gained through acquisition

191

Staff hired in 2018

38

Average age of staff



Strategic partnerships

TechRadar expansion

10

Territories covered via three new partnerships worth over £300k so far

4

Local language editions

110%

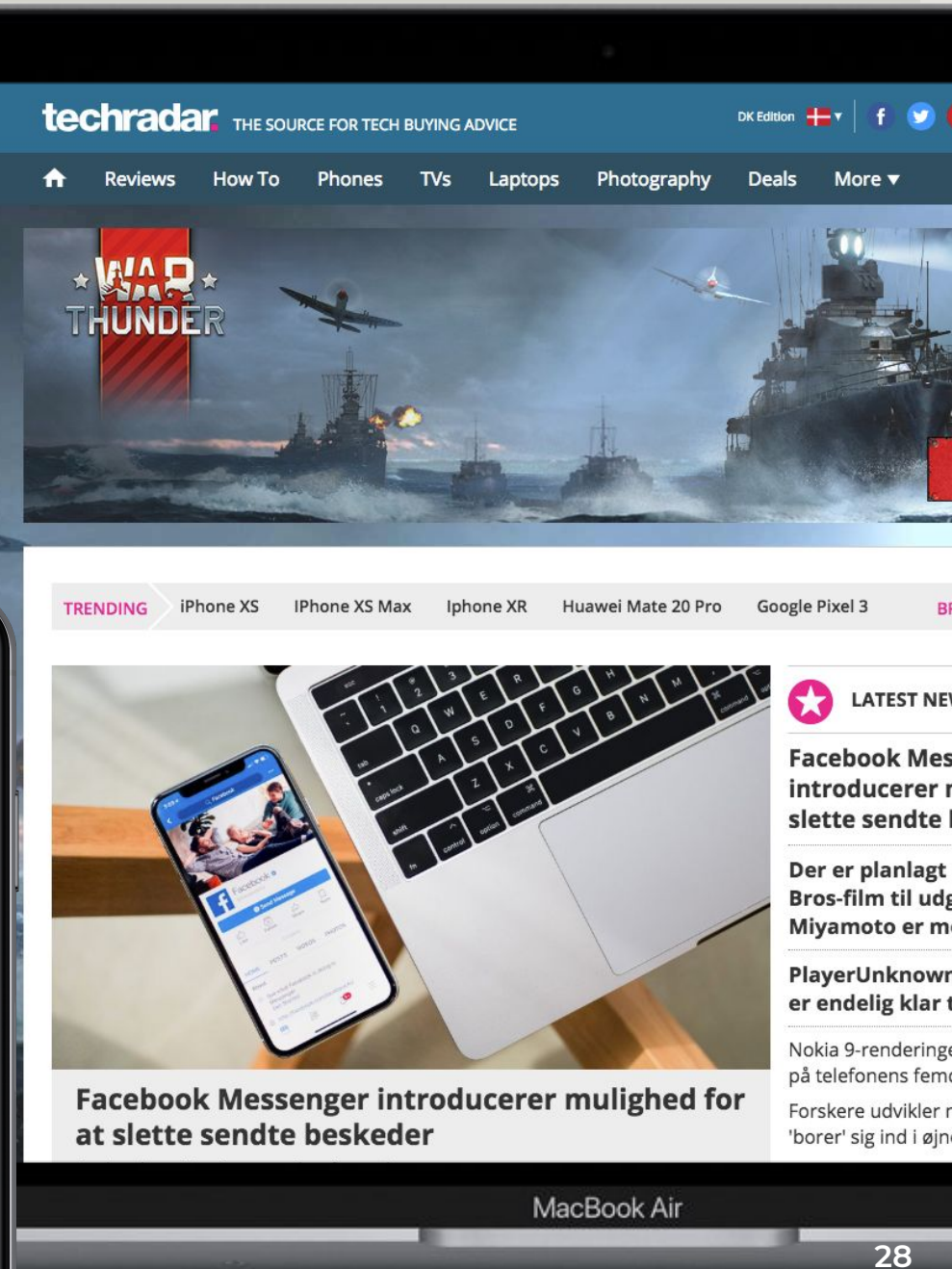
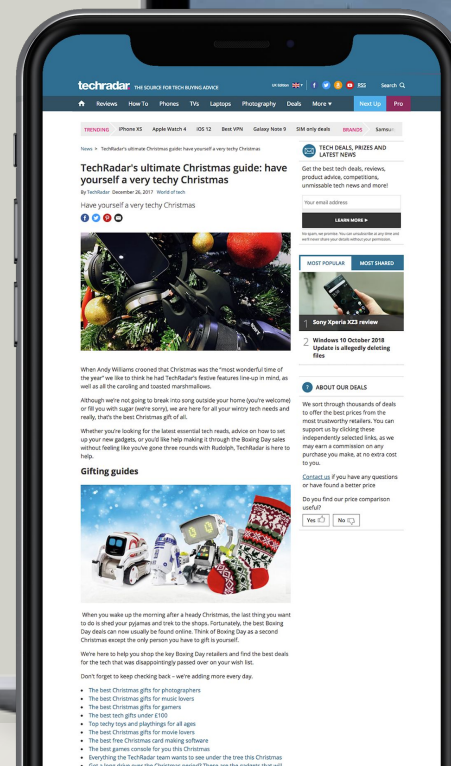
Year-on-year growth in online audience to India edition. Now third largest TR site

24%

Year-on-year growth in online audience to GCC edition

16%

Growth in online users to Nordic edition since launch



Acquisitions

- It is a core part of our strategy to buy and build where we identify assets where we can add value
- We take a systematic approach to all acquisitions, resulting in all transactions to date being originated in-house

Phase 0 <i>Pre-purchase</i> IDENTIFICATION	Phase 1 <i>First 4 months</i> INTEGRATION	Phase 2 <i>4-12 months</i> TRANSFORMATION	Phase 3 <i>1-2 year</i> OPTIMISATION
<p>Systemised identification of long list internally developed</p> <p>Desktop review to understand value against strategic filters</p> <p>Relationships with key staff developed (often CEO to CEO)</p> <p>Thorough due diligence undertaken with financial screening</p>	<p>Diligence validation</p> <p>Meet-and-greet all staff</p> <p>Management assessment and new structure in place, cost savings delivered</p> <p>Back office systems migration (Finance, IT, HR, Production, Rights Mgt)</p> <p>Review</p>	<p>Implementation of new revenue streams based on Future platform model</p> <p>Global audience focus</p> <p>Website refreshes</p> <p>Best practice sharing</p> <p>Incentives review</p>	<p>Yield management review</p> <p>New product launches</p> <p>eCommerce growth from digital focus</p> <p>Review and lessons learnt</p>

Buy & build

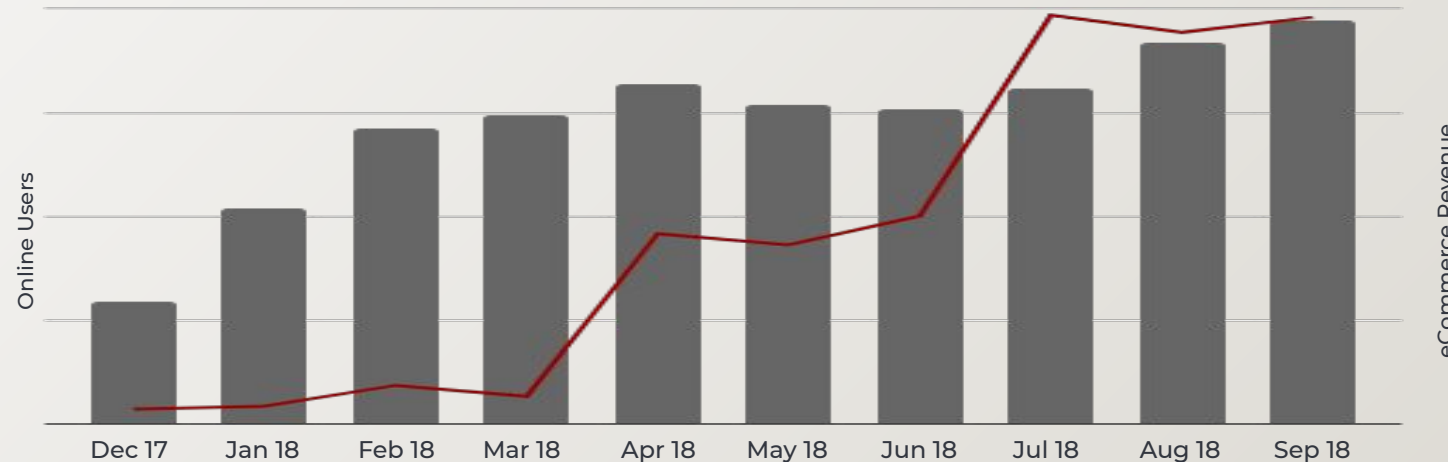
Update for Home Interest

Business performance

- Successful launch of Realhomes.com – showing rapid growth
- Bringing the market-leading Homebuilding & Renovating Show to a new location in Farnborough in Jan 2019
- New-look Real Homes magazine launched to tap into new audiences and demographics
- Successful Period Living subscriptions gifting, Emma Bridgewater mugs generated 900+ new subscriptions in last 6 months. Quality subs loaders have generated gains per month of c.440 per month, compared to average of c. 290 per month
- Events revenue up 11% YoY. Migrated into BAU



Realhomes.com growth



Buy & build

NewBay Music case study

- Highly specialist with loyal audiences – 89k subscribers
- Music portfolio generated £8.8m revenue in 2018, sitting across both B2B and consumer audiences
- Combined with Future's legacy brands this created the no.1 consumer leader in music making in the UK and US



B2B business

- Successful launch of Music Week Tech Summit
 - 300 delegates in our first-year Music Week Awards
 - 21% YoY growth in table sales led to sell-out event in April 2018
- Music Week
 - Focus on corporate subscriptions yielded 80% renewal conversion rate
 - Newsletter subscribers up 31% YoY



B2C business

- Migrated Guitar World to Vanilla within 13 weeks; SEO sessions up 19% since migration
- Launched UK Guitar Show in September 2018; sold out event; included the second World Guitar Day and launch of the Guitarist of the Year event, due to our unique market positions
- Over 298k newsletter subscribers across consumer music brands
- 71k subscribers – email and social media campaign averaging 40 new subs per day

Update

Purch acquisition

The Purch acquisition completed on September 4, 2018. We are still in the first 12 weeks (phase 1) of the integration. Key highlights include:

- All Future New York staff are now located in Manhattan; new ways of office working introduced; around 300 people impacted by moves; subletting two legacy offices
- All staff paid via Future payroll
- All staff inducted and welcome interviews undertaken
- All Purch staff attended the annual Future conference
- Announced new Tech, Marketing, Product, and Sales structures, including the retention of key individuals
- Review of *ShopSavvy* and *Active Junky* undertaken with decision to dispose of *ShopSavvy*, strategic review underway for *Active Junky*
- Migration plan for technology is well progressed, with a new operating model agreed and migration plan developed, first site due to be migrated to Vanilla in early New Year

tom's guide

tom's
HARDWARE

10★ TopTenReviews™

Laptop

SPACE.com

LIVESCINCE



Executive summary

- Another outstanding set of results
- Continual successful execution of strategy
- Acquisitions integration on track and have accelerated growth
- Trading for the year has started well and we believe the trends of last year will continue



APPENDIX

Our Purpose

“

We change people's lives through sharing our knowledge and expertise with others, making it easy and fun for them to do what they want

”

How we behave

- We are part of the audience and their community
- We are proud of our past and excited about our future
- We all row the boat
- Let's do this!
- It's the people in the boat that matter
- Results matter, success feels good



Global, diversified and scalable business

Global Brands

170+ brands

6 consumer verticals

5 B2B verticals

Market-Leading

#1 in UK and #2 in US in
consumer technology online

PC Gamer #1 PC gaming
website globally

Creativebloq #1 creative & design
content website in the UK and US

Award-Winning

Future won Transformation of
the Year at the prestigious PLC
Awards in London

Definition of organic revenue

Includes the following acquisitions:

- Noble House – May 2016
- Blaze Publishing – May 2016
- Next Commerce – August 2016
- Imagine Publishing – October 2016
- Team Rock – January 2017

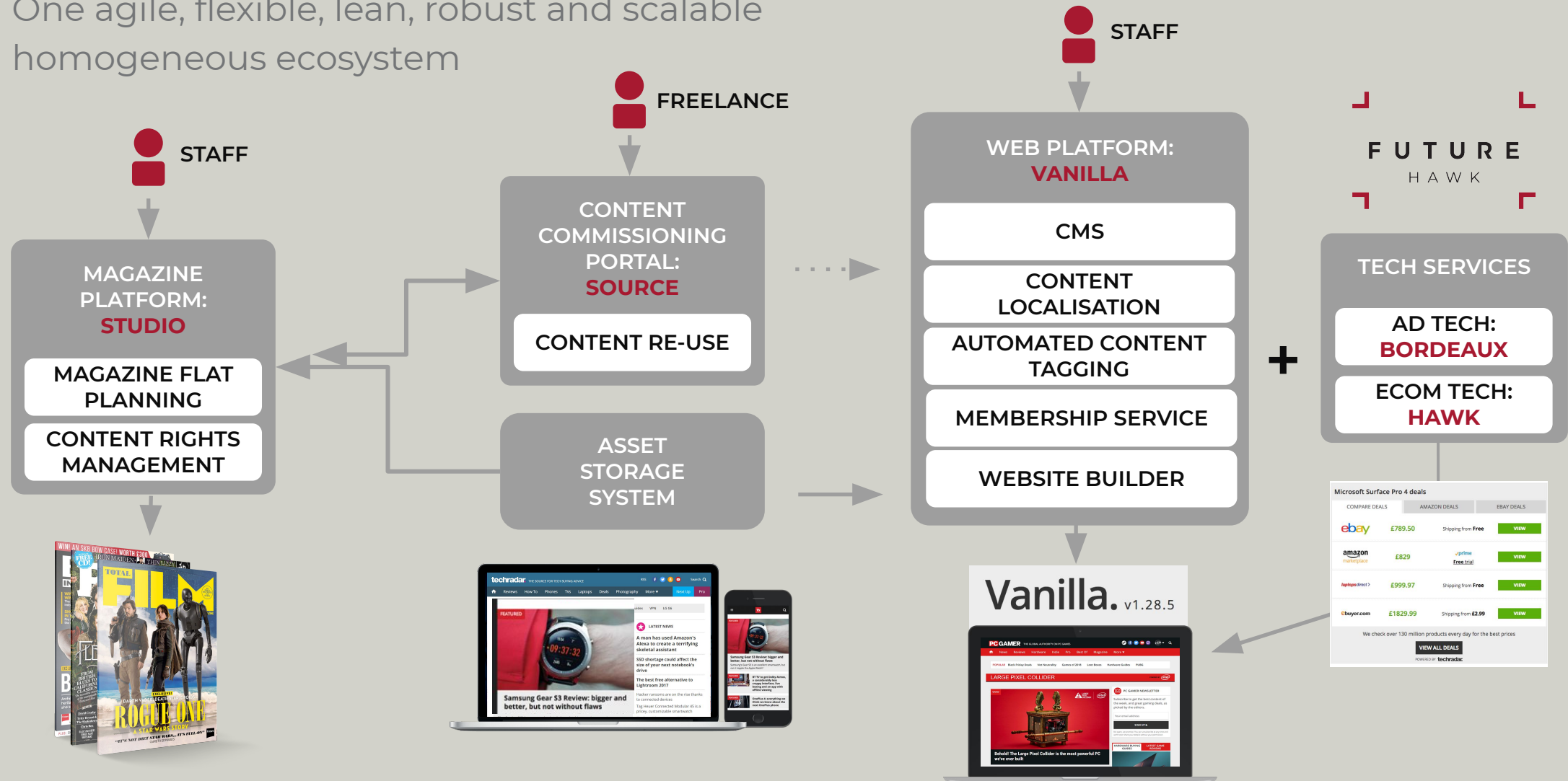
Excludes the following acquisitions:

- Home Interest – August 2017
- NewBay – April 2018
- Haymarket titles – May 2018
- Purch – September 2018



Our Tech Stack

One agile, flexible, lean, robust and scalable homogeneous ecosystem



Microsoft Surface Pro 4 deals

COMPARE DEALS	AMAZON DEALS	EBAY DEALS
£789.50	£829	£999.97
Shipping from Free	Free	Shipping from Free
VIEW	VIEW	VIEW
£1829.99	£1829.99	£1829.99
Shipping from £2.99	Shipping from £2.99	Shipping from £2.99
VIEW	VIEW	VIEW

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P&L exceptional items

£m	2018	2017
Restructuring and redundancy	0.2	1.1
Acquisition and integration-related costs	4.3	1.4
Vacant property provision movements	(0.1)	1.2
Total	4.4	3.7
Revenue	124.6	84.4
Exceptionals as % of revenue	3.5%	4.4%



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