

Interim results

18 May 2015



Agenda

- Executive summary ZBM
- Financial review RH
- Operational update ZBM



Executive summary

- Transformation activity nearing completion, as planned.
- Overall Group EBITDAE of £1.8m.
- Group returns to profit, with UK & US all profitable.
- Digital and diversified revenues now account for 50% of total revenue.
- Audience engagement strengthens Digital reach up 7% YOY to 72 million.
- Headcount reduced to 540 (2014: 924) supporting improvement in margins.
- Balance sheet strengthened net cash balance of £4.7m, successful refinancing.
- Positive EBITDAE in H1 expected to continue.



Finance review

Richard Haley - Chief Financial Officer

Group performance - summary

Continuing: £m	H1 2015	H1 2014
Revenue	30.8	35.8
EBITDAE	1.8	(3.7)
EBITDAE %	6%	(10%)
Pre-tax loss	(1.3)	(24.3)
Adjusted profit / (loss) per share	0.1p	(1.6)p
Net cash / (debt)	4.7	(7.8)

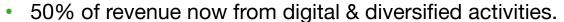
- £5.5m swing in EBITDAE.
- All territories profitable in the first half.
- EBITDAE driven by gross margin improvement and transformation cost reductions.
- Balance sheet strengthened and successful refinancing.
- · Growth in digital and diversified revenues.
- Market performance of print underpins the revenue decline.



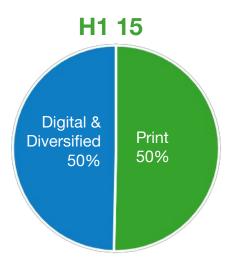


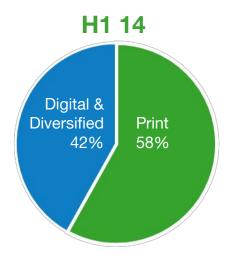
Group performance - revenue

£m	H1 2015	H1 2014
UK	24.8	29.0
US	6.3	7.1
Intragroup	(0.3)	(0.3)
Total continuing	30.8	35.8



- UK digital and diversified revenues increased by 5%.
- Strategy underpinning growth in:
 - e-commerce, up 250%.
 - events, up 15%.
 - digital display advertising, up 14%.
- UK revenue decline reflects print market decline.
- US business focuses on higher margin activities.
- Quality of revenue improved reflected in improved gross margin.





Group performance - EBITDAE

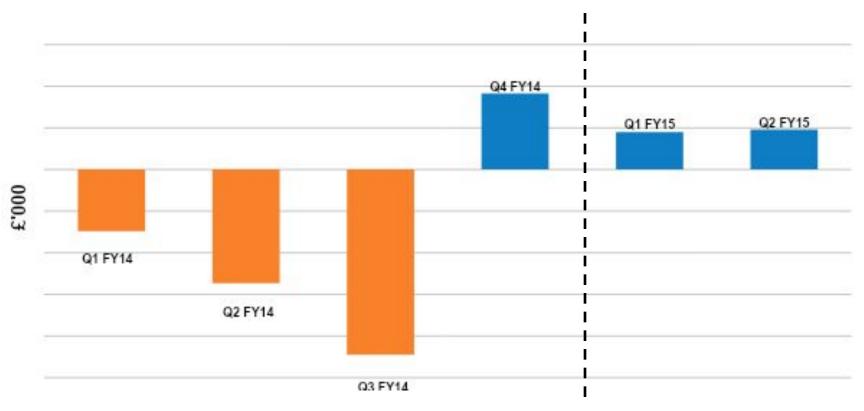
EBITDAE	H1 2015 £m	H1 2015 %	H1 2014 £m	H1 2014 %
UK	1.8	7%	(2.2)	(8%)
US	-	0.1%	(1.5)	(21%)
Total continuing	1.8	6%	(3.7)	(10%)

- Momentum from Q4 continued into H1.
- UK & US all profitable.
- US profitable in H1 for first time in seven years.
- Improved margin and transformation cost reduction drive £5.5m EBITDAE swing.





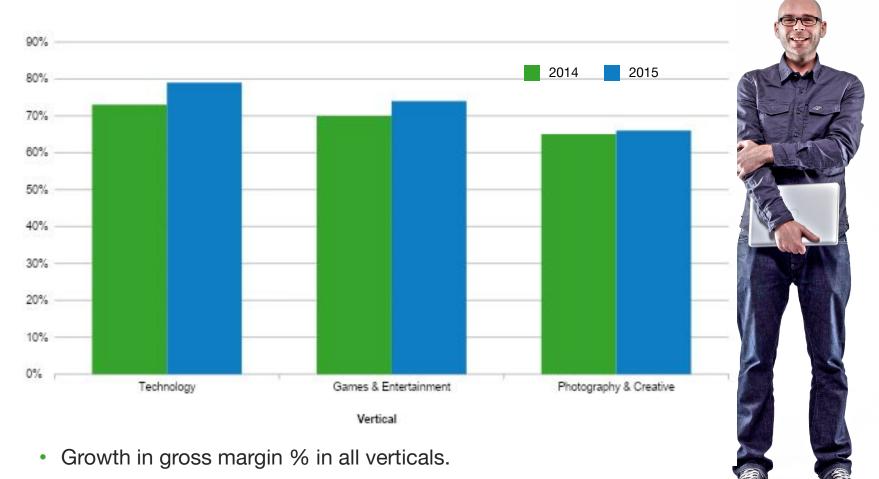
Group EBITDAE quarterly trends



- Momentum in Q4 FY14 continued into current year.
- Seasonality means Q4 is typically the strongest quarter, Q3 is usually the quietest.
- H1's encouraging trends expected to continue into H2.
- Third successive quarter of profit.

Vertical performance

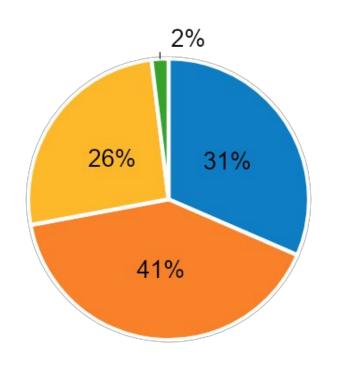
Margin by vertical



Margin significantly improved through mix and quality of revenue.

Vertical revenue

Revenue by vertical (%) H1 2015







Exceptional items and impairment

Income statement - £m	H1 2015	H1 2014
Exceptional items	(1.4)	(1.7)
Impairment	-	(16.8)
Total exceptional items and impairment	(1.4)	(18.5)
Cashflow - £m	H1 2015	H1 2014
Exceptional items	(2.3)	(1.5)

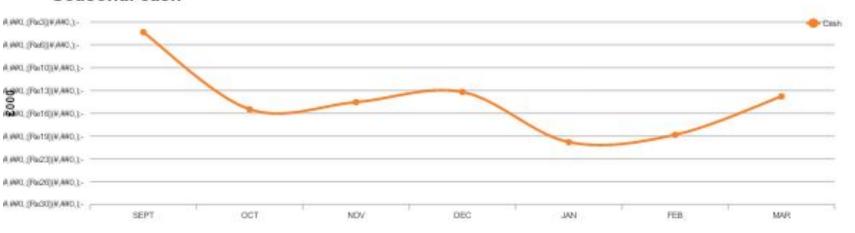
- Exceptional costs include property rationalisation, dilapidations payments, move costs and reduced headcount.
- 2014 exceptional costs still impacting cashflow in 2015, expect a further £1.0m to flow out in H2.

Cashflow

	£m
2015 opening net cash	7.5
Cash generated from operations	1.5
Exceptional items	(2.3)
Interest paid	(0.4)
Capital expenditure	(1.2)
Tax paid	(0.4)
H1 2015 closing net cash	4.7

- Underlying operations cash generative in H1. Business in a net cash position at all times partly as a result of the timing of working capital, expect some to unwind in H2.
- New £5.5m facility gives sufficient liquidity headroom.

Seasonal cash



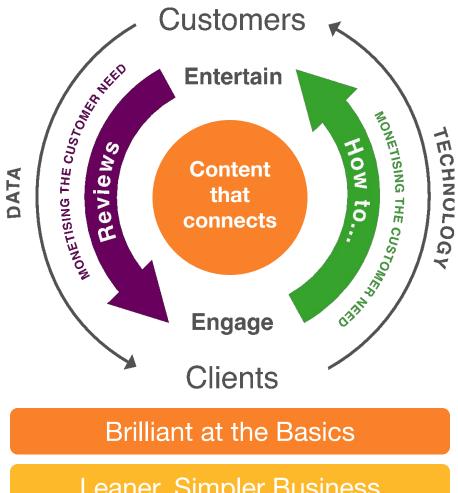
Future

Strategy update

Zillah Byng-Maddick - Chief Executive

Strategy overview

The Future Wheel - A virtuous circle of engagement



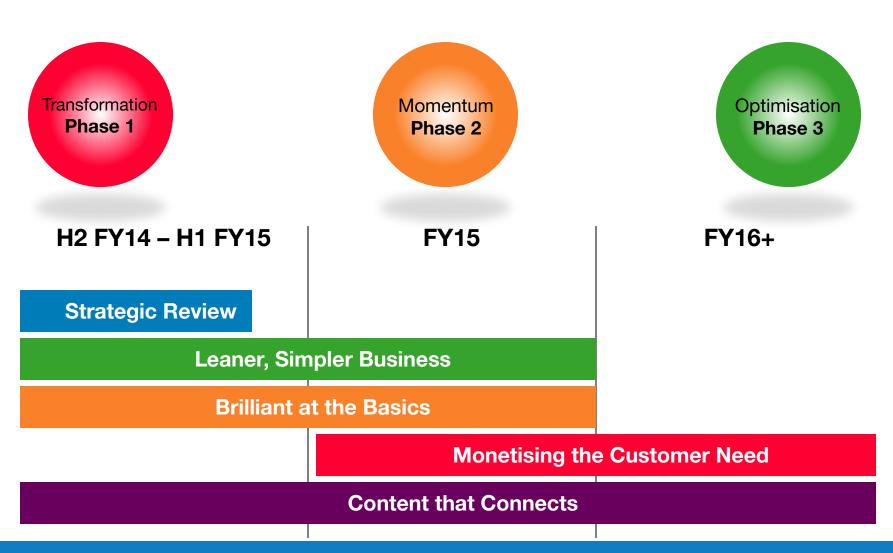
Leaner, Simpler Business



Future

Momentum - Phase 2

Business is gaining momentum





Content that connects

- Cross platform re-launch of our iconic T3 brand.
- re-launched the magazine in May 2015 –
 'Life's better with T3'.
- Doubled ad revenue and ad page count month on month for re-launch issue.
- T3 circulation up 27% YoY, Wired and Stuff down 10% and 20% YoY.
- T3.com re-platformed.
- Average time on page is up 117% for mobile users and sessions up 10%.
- T3 Awards re-launched.



Content that connects: Case study "How to"



Generate: New York

- Leveraged our digital and print brands ("creativebloq" and "net") to run a master class in design.
- Unique event with 300 highly engaged digital designers and creatives.
- 2nd year of successful franchise, already an event in London, ticket sales up 50% year-on-year.
- Momentum in place to roll out the "franchise" internationally, starting with Generate Startup on the west coast of America.



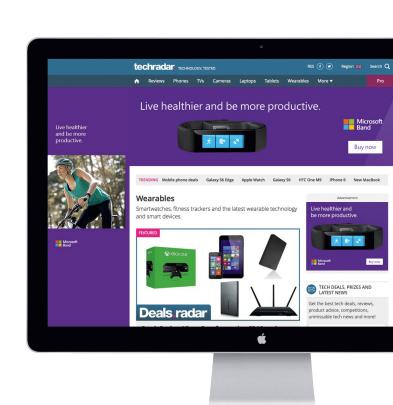


Content that connects: Case study "Reviews"

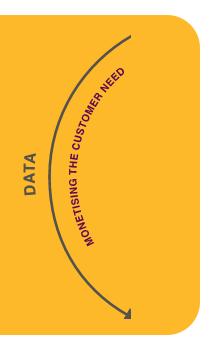


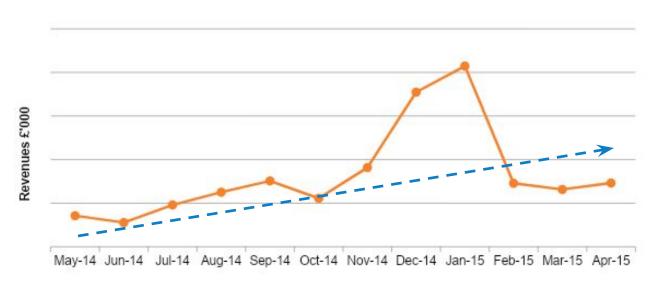
REVIEWS: Techradar - wearables

- •Wearables is an area of significant market opportunity, 16% of Future's audience intends to buy a wearable product in the next 12 months.
- Techradar has taken full advantage of this in creating a dedicated channel for Wearables – notching up over 5 million users in under six months.
- Opening up a new highly specific advertising space – tailored to individual consumers.



Content that connects: Case study "Data"





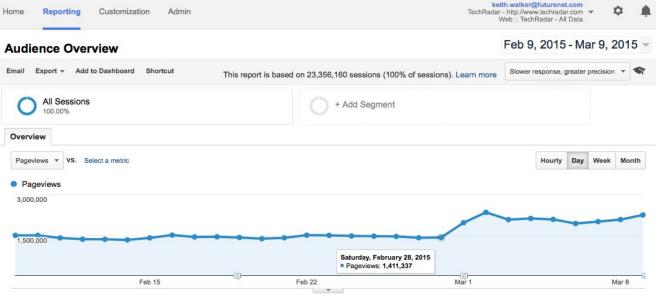
- Understand the consumer's needs to capitalise on ecommerce opportunity
- Unique data insight resulted in Techradar ranking no.1 in Google on Black Friday for "techdeals", this unlocked significant revenues
- Stability and resilience of our platform enable undisrupted trading across the Black Friday period, while other key retailers struggle with resilience.



Content that connects: Case study "Technology"







- TechRadar was the first Future site to move to our new Vanilla platform. T3.com followed and MusicRadar is in the process of migrating now.
- Techradar transitioned to new platform, that delivers content optimised for all devices (smartphone, tablet, desktop).
- Unique users increased by 14%, page views by 69%, pages per session increased from 1.93 pages per session to 2.65 pages per session.
- By migrating to a single front end solution we have reduced the support required, improved speed to market for new products and ensured enhancements can be applied to more than one brand saving development time/resource.

Brilliant at the Basics

Brilliant at the Basics

- Market leading content;
 - Creativebloq is no. 1 digital UK design content*.
 - Technology online portfolio is no. 1 in the UK consumer technology market*.
 - Gaming online portfolio is no. 2 in the UK market*.
- Content teams working together to create unique content to support all brands within the business.
- Double digit digital revenue growth driven by a deep understanding of the customer need and driving higher yields.
- Increasing programmatic capability ensures that all inventory is monetised across the Group.

^{*}by users in Feb-15; source, comScore Media Metrix)



Leaner, Simpler Business

Leaner, Simpler Business

- EBITDAE margin has returned to positive growth.
- Headcount reduced to 540 at 31 March 2015 (31 March 2014: 924).
- New organisation structure executing well, with improvements in effectiveness underpinning a global mindset.
- Property portfolio rationalised further with a property disposal in Bath and exit of several smaller UK properties.
- Successful refinancing to allow focus on the business strategy.



Gaining momentum

- Transformation largely completed, in line with expectations; business focused on building momentum.
- Profitable in all territories, including the US.
- Continues to hold the number one or two market positions in key UK verticals.
- Transitioned to a digitally diversified content business with half of revenues now coming from Digital & Diversified activities.
- Expect the trends seen in H1 to continue into H2.



Appendix: The Future Portfolio

- Technology
- Games & Entertainment
- 3. Music
- 4. Photography
- 5. Creative & Design

Technology

- Future is rightly proud of its sectorleading technology portfolio that reaches over 30m readers each month.
- Significant magazine portfolio: T3, MacFormat, PCFormat, Linux Format, Windows: Help & Advice, MacLife, TechLife, MaximumPC and APC magazine.
- Major online properties include techradar, T3, Gizmodo UK, Lifehacker UK, techradar Pro, MacLife and MaximumPC.
- Over 40 Tech Bookazines produced each year.
- Annual T3 Awards and techradar Phone Awards.



Games & Entertainment

- The Future Games portfolio is famous across the globe, reaching close to 20m readers each month.
- Five monthly magazine titles, Edge,
 Gamesmaster, PCGamer, Official PlayStation magazine, Official Xbox magazine.
- Three major online properties, Gamesradar, PCGamer and Kotaku UK.
- Annual Golden Joysticks awards and the upcoming PCGaming show@E3.
- Future has an enviable portfolio of world famous film magazines and online content that engage with movie and TV lovers across the globe.
- Two major monthly magazine titles, Total Film & SFX.
- Significant movie and TV online content presence on Gamesradar+.



Music

- Future has one of the most highly-respected music portfolios in the world with long-established, market-leading brands.
- Six monthly magazine titles: Guitarist, Total Guitar, Guitar Techniques, Computer Music, Future Music, Rhythm.
- Market leading online property Musicradar.



Photography

- Future has the most envied Photography magazine and events portfolio in the world.
- Three monthly magazine titles:
 Digital Camera, NPhoto and PhotoPlus.
- Two leading digital editions:
 Photography Week and Practical Photoshop.
- Two major event brands:
 The Photography Show and PhotoLive.
- Significant online content presence via Techradar Cameras and digitalcameraworld.



Creative & Design

- Future's Creative & Design portfolio reaches over 3m web designers, developers, graphic designers and 3D artists.
- Four monthly magazine titles
 Net, Computer Arts, 3D World, and ImagineFX.
- Market leading online property Creativebloq.
- Major conference series and industry awards events:
 - Generate: London and New York Net Awards and Brand Impact Awards.

