# Interim results

20 May 2016

# Agenda

| | |
|---|---|
| Executive summary | Zillah Byng-Thorne |
| Financial review | Penny Ladkin-Brand |
| Strategy & operational review | Zillah Byng-Thorne |

# Executive summary

- Optimise phase of strategy - results demonstrate good progress

- Media division – strong performance fuelled by *Techradar*
  - o Media division revenue up 15%, now makes up 44% of overall revenue
  - o New revenue stream, e-commerce, up 250%
  - o Events revenue increased by 13%

- Magazine division – margin improvements being delivered
  - o Strengthened the portfolio through acquisitions

- EBITE increased 50% to £0.6m (2015: £0.4m)

- Operating cash inflow before exceptionals £2.6m (2015: £1.5m)

# Finance Review

Penny Ladkin-Brand – Chief Financial Officer

# Group performance - summary

| Continuing: £m | H1 2016 | H1 2015 |
|---|---|---|
| Revenue | 30.2 | 30.8 |
| EBITDAE | 1.8 | 1.8 |
| EBITE | 0.6 | 0.4 |
| Pre-tax loss | (0.3) | (1.3) |
| Adjusted profit per share | 0.1p | 0.1p |

- Significant improvement in EBITE YoY

- Revenue broadly flat

- Focus on margin and conversion as mix changes

- Timing shift on events moved to H2 - flat EBITDAE in H1 and H1 investments improving performance in H2

# Group performance - revenue

| Division | H1 2016 £m | H1 2015 £m |
|---|---|---|
| Media | 13.2 | 11.5 |
| % of revenue | 44% | 37% |
| Magazines | 17.0 | 19.3 |
| % of revenue | 56% | 63% |

| Geography | H1 2016 £m | H1 2015 £m |
|---|---|---|
| UK | 23.6 | 24.8 |
| US | 7.2 | 6.3 |
| Intragroup | (0.6) | (0.3) |
| Total continuing | 30.2 | 30.8 |

- Media now makes up 44% of total revenue

- Recurring revenue streams now representing 25% of total revenue

# Exceptional items

| Income statement - £m | H1 2016 | H1 2015 |
|---|---|---|
| Exceptional items | (0.5) | (1.4) |

| Cashflow - £m | H1 2016 | H1 2015 |
|---|---|---|
| Exceptional items | (1.6) | (2.3) |

- Significant reduction in exceptional cashflows from £2.3m to £1.6m

- Relate to onerous property and restructuring costs

# Cashflow
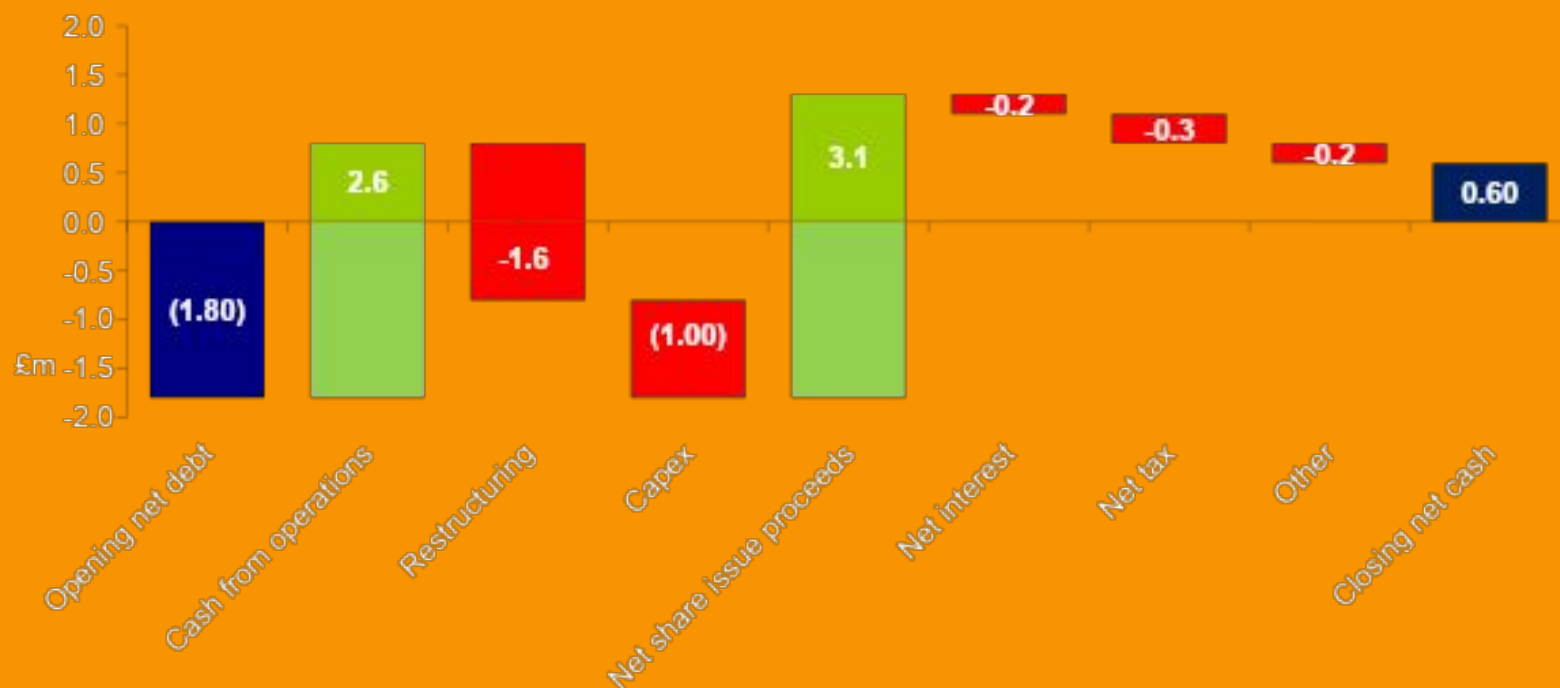


- Operating cash inflow of £2.6m with focus on working capital improvements and collection of receivables

- Includes investment in working capital to drive growth in events (launched PCGamer Weekender) and e-commerce

- More investment in H2 expected

- Some spend on exceptionals for legacy redundancy, property and some additional restructuring.

- Continued investment in capex including new CRM, completion of migrations to Vanilla platform and MVP of new CMS alongside development of Hawk

- Net cash of £0.6m at 31 March 2016

# Financial objectives

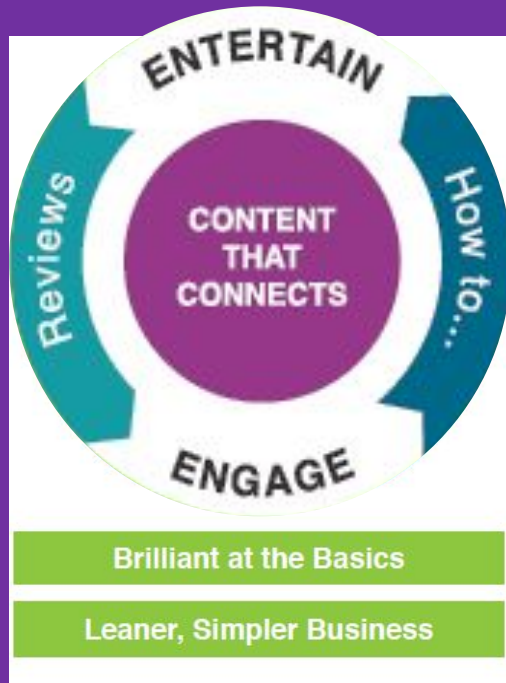| | |
|---|---|
| **Operating cashflows**<br><br>£2.6m (H1 2015: £1.5m) | **EBITDAE Margin**<br><br>6% (H1 2015: 6 %) |
| **EBITE**<br><br>£0.6m (H1 2015: £0.4m) | **Recurring revenues**<br><br>25% (H1 2015: 21%) |

# Momentum built: leading into optimisation

Now

Transformation
**Phase 1**

Momentum
**Phase 2**

Optimisation
**Phase 3**

**H2 FY14 – H1 FY15**

**FY15**

**FY16+**

**Strategic Review**

**Leaner Simpler Business**

**Brilliant at the Basics**

**Monetising the Customer Need**

**Content that Connects**
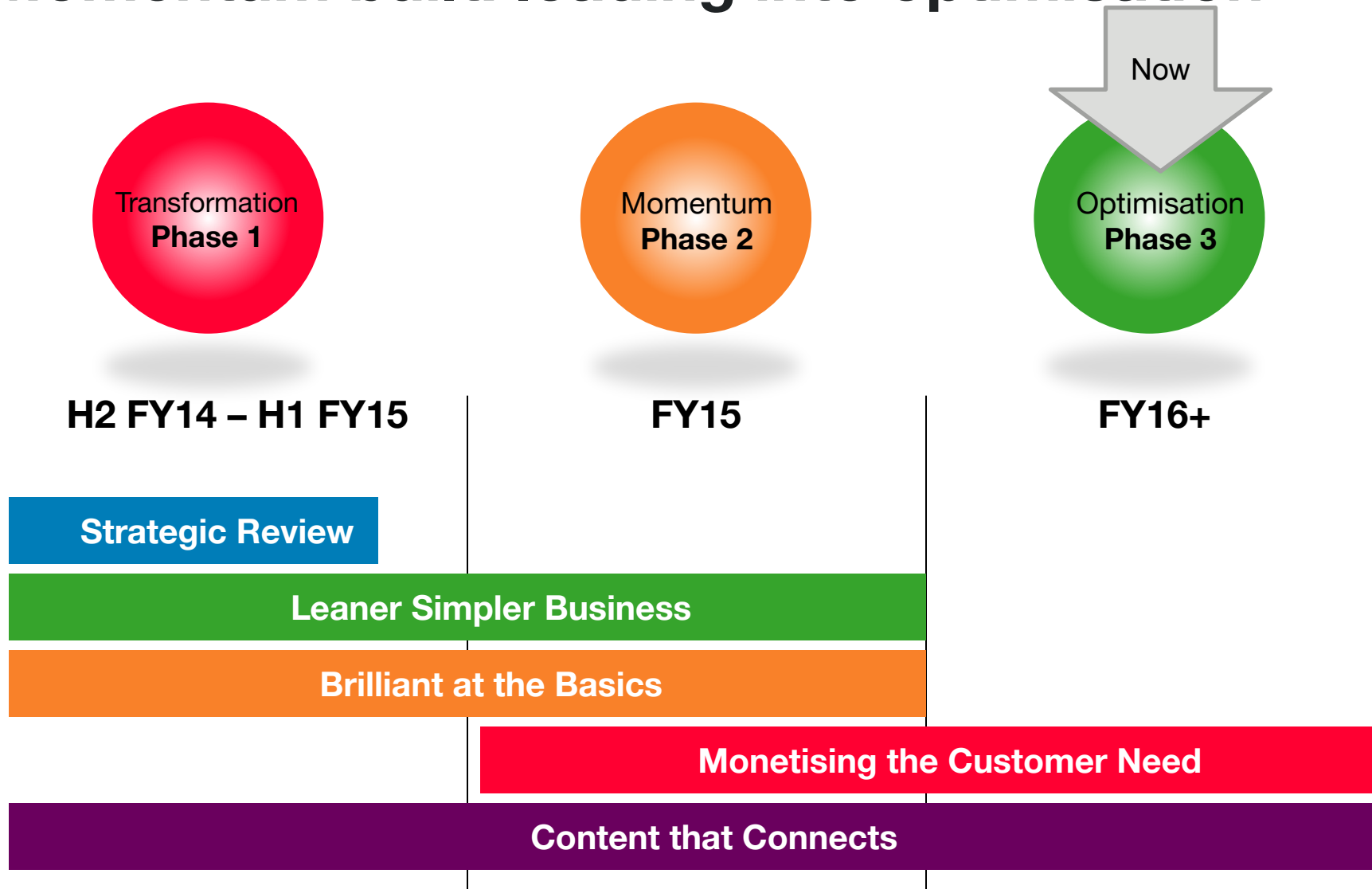
# Future : Virtuous circle of engagement



**Producing content that connects people with their passions.**

**Future is the trusted media authority for affluent consumers who love tech, movies, music, games, photography, design & country sports.**

# Content used to acquire and retain



## Connect



**Apple's Keynote Presentation March 2016**

Phil Schiller quoted *techradar* and *Creative Bloq*, "iPad Pro packs powerful enough hardware to be a genuine laptop replacement, with more than enough grunt in terms of processor and graphics performance." - *techradar*

**These were the only brands Apple referenced during the keynote**

## How-to's



## Reviews



**The five scariest frightfest movies rated by heartrate**
**- *gamesradar+***

# Media Division : Market-leading global digital brands and events

## Media Division
### Market-leading global digital brands & events

**techradar.** | **PC GAMER**

**GOLDEN JOYSTICK AWARDS** | **PC GAMER Weekender**

**The Photography Show** | **GENERATE**

**gamesradar+** | **T3**

## Media brands

**techradar.** #1
UK consumer technology content site

**gamesradar+** #1
fastest growing gaming site

**PC GAMER** #1
PC gaming authority on the planet

**The Photography Show** #1
UK's largest photography event, 30k visitors

**Creative Bloq** #1
The place where creative design & technology meet content

# Media Division :
# Global Cross Platform Scale

**47m**
unique users
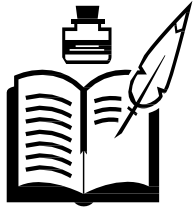
**22m**
social media
followers

# 70
# million
consumers globally

**37k**
event attendees

**2m**
YouTube
subscribers

*\* Monthly figures except Event attendees*

# A content business with data at its heart



**Editorial Expertise**

Identify what consumers are interested in

**Data**

Analyse trends, product releases, historical patterns

**Optimise Content**

Create content that is optimised for SEO, social channels & the customer journey

**Win Customer**

# Diversified revenue model

Media strategy to focus on global brands, monetising audience in a way which is sympathetic to audience goal

**Retail (e-commerce)**

**Advertising**

**Events**

Enriching users' experience
Price comparison & purchase

Delivering high quality
$1^{st}$ party targeting

Engaging with
audiences

17

# E-commerce

**Retail
(e-commerce)**

Enriching users' experience
Price comparison & purchase

- Data driven merchandising strategy

- Audience with high purchase intent

- 160 million product offerings

- Hawk delivers real time pricing information

- Built for scale

- Robust tech

- £87.5m generated from April 2015 to March 2016

# Digital advertising

**Advertising**

Delivering high quality
1st party targeting

- Access to unique audiences

- Focus on strategic relationships and creative solutions

- Managing advertising yield by optimising ad stack tech

- Opportunity to expand into tech B2B consolidating recent purchases

# Events



**Events**

Engaging with
audiences

- Highly engaged audience in the specialist brands

- Running *The PC Gaming Show* for the second time this year in June

- Launching a number of new events this year

- Inaugural *PC Gamer Weekender* was a great success with visitors and sponsors

- *The Photography Show* generated over £2m revenue and 30,000 visitors

- Acquired five events through Noble House and Blaze Publishing

# Operational efficiency

## One system platform

A single platform approach

Proprietary technology website supporting 7+ websites

Quicker speed to market

One-time build cost

Agile technology development with test and learn attitude

## One price comparison database

Unique proprietary comparison database built

All products in Western Europe and North America

Real-time pricing information

Scalable across multiple brands and products as built for leverage
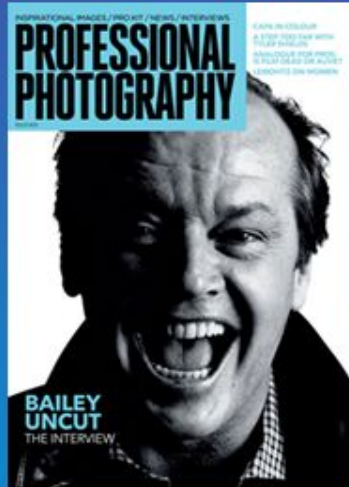
Highly robust technology

## One unified Content Management System

Rolled out new CMS in four months

# Magazine Division
## 100+ market-leading specialist publications



# Brands

## Photography #1
selling photography magazine portfolio in the UK

## Official PlayStation +8.2%
YoY growth 2015

## Increase in Market Share
UK Newsstand YoY share 2015

# Brilliant @ the basics



**Brilliant at the Basics**

Leaner, Simpler Business

- Portfolio continues to be managed tightly

- Stabilised and we are seeing an increase in market share

- Market-leading content: *Digital Camera* and *N-Photo* hold the top two positions in the UK photography market

- New and re-launched magazines: *Professional Photography*; *Comic Heroes*

- New titles acquired through Blaze and Noble House

- Review of procurement processes has identified £0.5m savings - realised in next 12mths



**+8.2%**
YoY Growth 2015
30k copies sold

**Ranked 19th overall in ABC growth**

**52%**
Market share 2015
Top 2 ABC market positions

**The UK's best selling photo portfolio!**

**New & re-launched magazines**

# Strengthening the portfolio

|  | Digital | Magazines | Events |
|---|---|---|---|
| **Noble House Media** | Mobilechoiceuk.com<br>Mobiletoday.co.uk<br>Wireless-mag.com<br>Isellmobile.co.uk | Mobile Choice<br>Mobile Choice for Business<br>Independent Mobile Choice<br>Pocket Phone Guides<br>'Mobile' & 'Wireless' (B2B titles) | Mobile Choice Awards<br>Mobile Industry Awards |
| **Blaze Publishing** | Airgunmagazine.co.uk<br>Bow-international.com<br>Clay-shooting.com<br>Guntradenews.com<br>iShootmag.com<br>Sporting-rifle.com<br>The Shooting Show<br>Acousticmagazine.com<br>Bassguitarmagazine.com<br>Drummermagazine.co.uk | Sporting Rifle<br>Shoot in Scotland<br>Airgun Shooter<br>Bow International<br>Clay Shooting<br>Gun Trade News<br>Acoustic Magazine<br>Bass Guitar Magazine<br>Drummer Magazine | London Acoustic Show<br>London Bass Guitar Show<br>London Drum Show<br>The UK Game Fair |

# Summary

- Media Division – strong performance from global media brands and from two new revenue streams

- Magazine Division – building scale with opportunities for further acquisitions

- Strengthened events portfolio with acquisition of Noble House & Blaze Publishing assets - five new events added

- Opportunities for further bolt-on acquisitions

- Benefitting from operational efficiencies and infrastructure investments

- Expect trends seen in H1 to continue into H2