

Future

# FY17 H1 RESULTS

19th May 2017



# Executive summary

## 1. Delivered another strong financial performance:

- Group revenue up 35% year-on-year – driven by organic growth and acquisition
- Fast-growing business - EBITDA up 140% year-on-year
- Strong operating cash conversion continues, at 129% of EBITDA

## 2. Clear benefits from operational gearing

- Margin expansion evident, up 5 pts on H1 FY16
- New brands launched quickly at low investment cost

## 3. Organic growth underpins the buy and build strategy

- Diversified revenue model, supports growth
- Integration of Imagine completed, synergies delivered in line with plan

## 4. Clear momentum on strategy to deliver global platform business

- Fulfilling audience needs with specialised and high quality content
- Growth in global super brands
- Ahead of market expectations



“Future is a **global platform for specialist media** with scalable, diversified brands”





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# Financial Review

Penny Ladkin-Brand – Chief Financial Officer



# Financial KPIs

Adjusted operating profit  
**£3.8m (2016: £0.8m)**

EBITDA margin  
**12% (2016: 7%)**

Operating cash flows  
**£6.2m inflow (2016: £2.6m)**  
(before exceptional costs)

Recurring revenues\*  
**27% (2016: 25%)**

\* Acquisition of Imagine Publishing completed in October 2016. Reflects impact of dilution from Imagine revenue mix where recurring revenues historically 16% of total revenue

# Financial highlights

Continuing: £m	HY17	HY16	YoY Var	FY16 Full Year
Revenue	40.9	30.2	35%	59.0
EBITDA	4.8	2.0	140%	5.2
EBITDA margin	12%	7%	71%	9%
Adjusted operating profit	3.8	0.8	375%	2.8
Adjusted EPS	9.3	2.5	272%	9.5
Net (debt) /cash	(5.2)*	0.6		0.5

Revenue increased 35% reflecting acquisition of Imagine plus strong underlying organic growth

H1 EBITDA includes investment of £0.5m in new digital assets

EBITDA margin improvement reflects increased scale and growth in higher margin media revenue

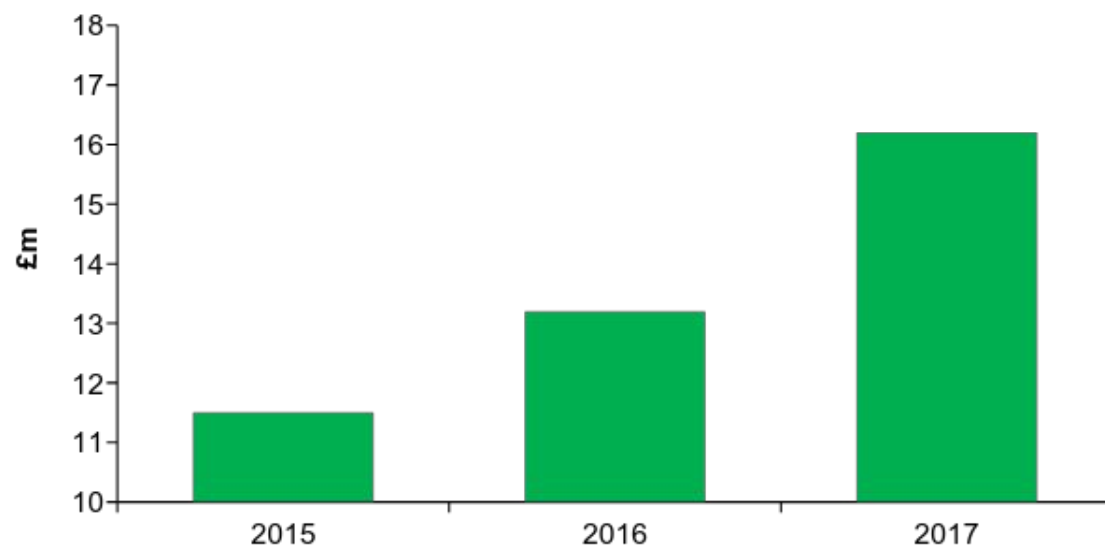
\* Reflects refinancing to fund acquisition of Imagine and deal fees.



# HY17: Group performance - revenue

£m	HY17	HY16	YoY Growth
Media	16.2	13.2	23%
Magazine	24.7	17.0	45%
<b>Total continuing</b>	<b>40.9</b>	<b>30.2</b>	<b>35%</b>
<b>Recurring</b>	<b>27%</b>	<b>25%</b>	<b>2%</b>

Media Revenue



23% YoY growth in the Media division driven by fast growth in eCommerce, up 72% YoY to £4.3m in the first half and events up 15% YoY.

Magazine division growth reflection of acquisition of Imagine Publishing building scale.

Bookazine market provides opportunities for new titles, despite the magazine market remaining in structural decline.

Strategic focus on recurring revenues – excluding impact of Imagine, UK subscriptions flat YoY.

# eCommerce: organic growth

Diversifying our monetisation models to create material revenue streams

**£78m**

Revenue generated  
for our partners  
in 2017 H1

**1m**

Products sold through  
Hawk in 2017 H1

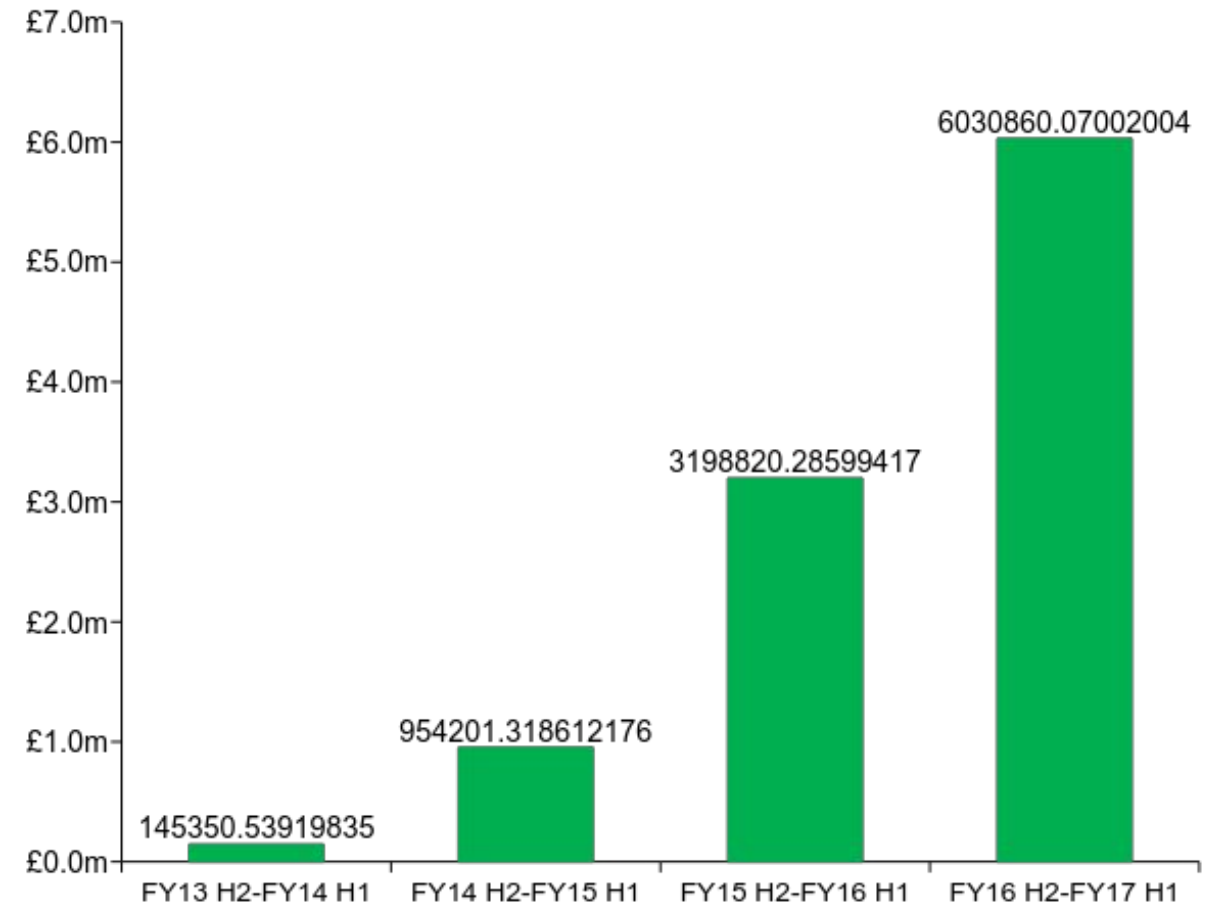
**£14m**

Black Friday 2016  
revenue generated  
for our partners

**182,000**

Black Friday 2016  
products sold through  
Hawk

**Affiliate revenue**



\*Black Friday weekend is measured as Thurs-Tues to account for US Cyber Monday sales



# HY17: Group performance - EBITDA

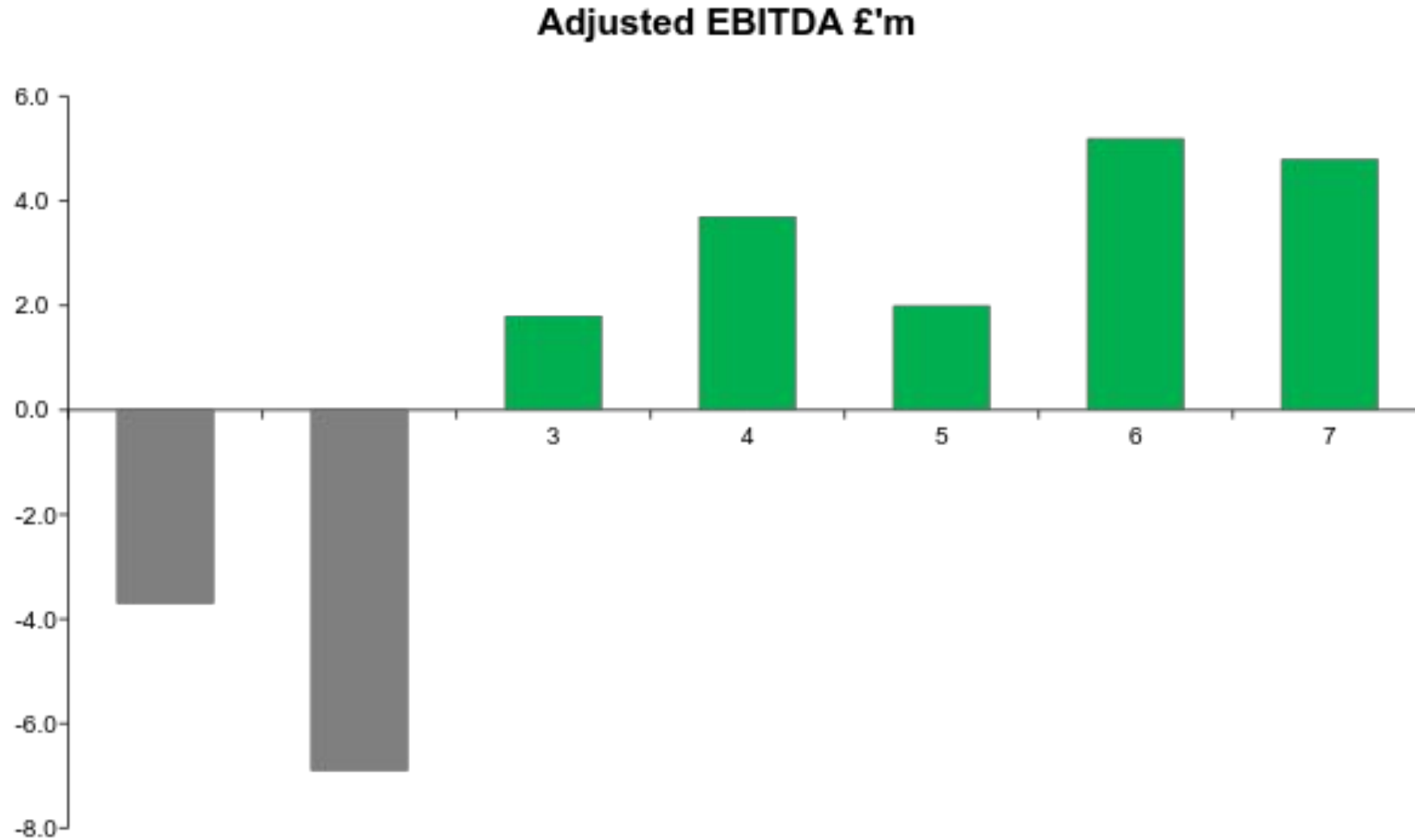
£m	HY17	HY16	YoY Var
Media Division Gross Contribution	13.3	10.6	2.7
<i>GC margin</i>	<i>82%</i>	<i>80%</i>	<i>2%</i>
Magazine Division Gross Contribution	16.5	11.5	5.0
<i>GC margin</i>	<i>67%</i>	<i>68%</i>	<i>(1%)</i>
Admin costs and other overheads	(25.0)	(20.1)	(4.9)
<i>Overheads as % of revenue</i>	<i>61%</i>	<i>67%</i>	<i>(6%)</i>
<b>EBITDA</b>	<b>4.8</b>	<b>2.0</b>	<b>2.8</b>
<i>EBITDA margin</i>	<i>12%</i>	<i>7%</i>	<i>5%</i>

Media margin improvement through growth in high margin eCommerce revenues

Media margin significantly higher than magazine gross contribution margin

EBITDA margin improvement benefit of media gross contribution flow through and more efficient overhead costs as build scale – administration costs and overheads lower proportion of revenue (61% from 67%) as build scale

# Rapid EBITDA growth



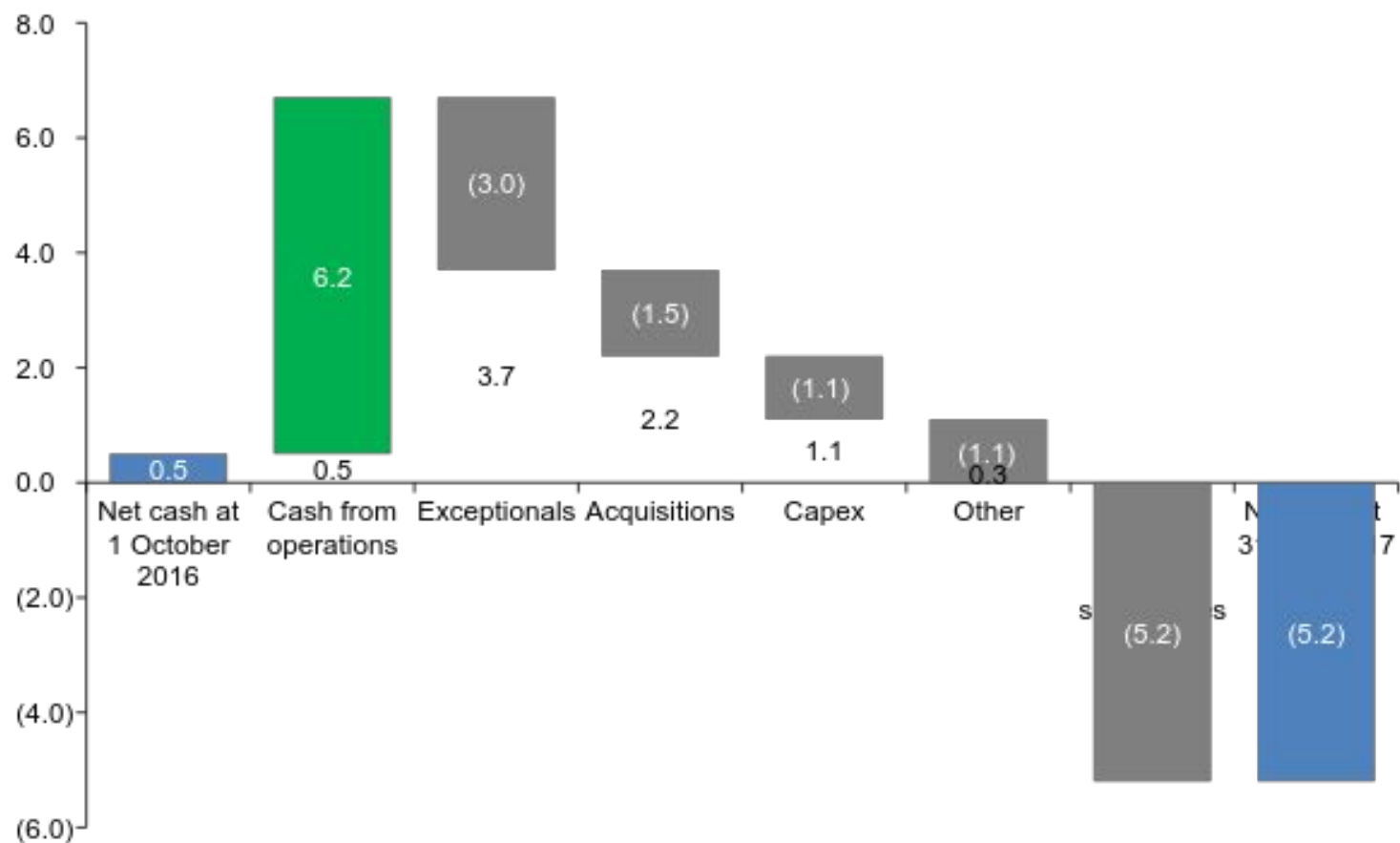


# P&L exceptional items

£m	HY17	HY16
Property	0.1	(0.5)
Restructuring and redundancy	1.0	1.1
Profit on disposal of magazines	-	(0.1)
Total P&L	1.1	0.5

Restructuring and redundancy costs relate to headcount reduction and restructuring expenses. Note all deal related exceptional costs accrued in FY16 so only the cash impact in HY17.

# Cashflow



Strong cash generation with adjusted free cash flow of £6.2m

Increase in net debt due to refinancing of Imagine debt plus deal related costs totalling £7.5m

Quickly delivering whilst continuing to invest in future growth with £1.1m of capex spend and £0.5m operating profit investment in future growth

H1 net debt position significantly ahead of market expectations



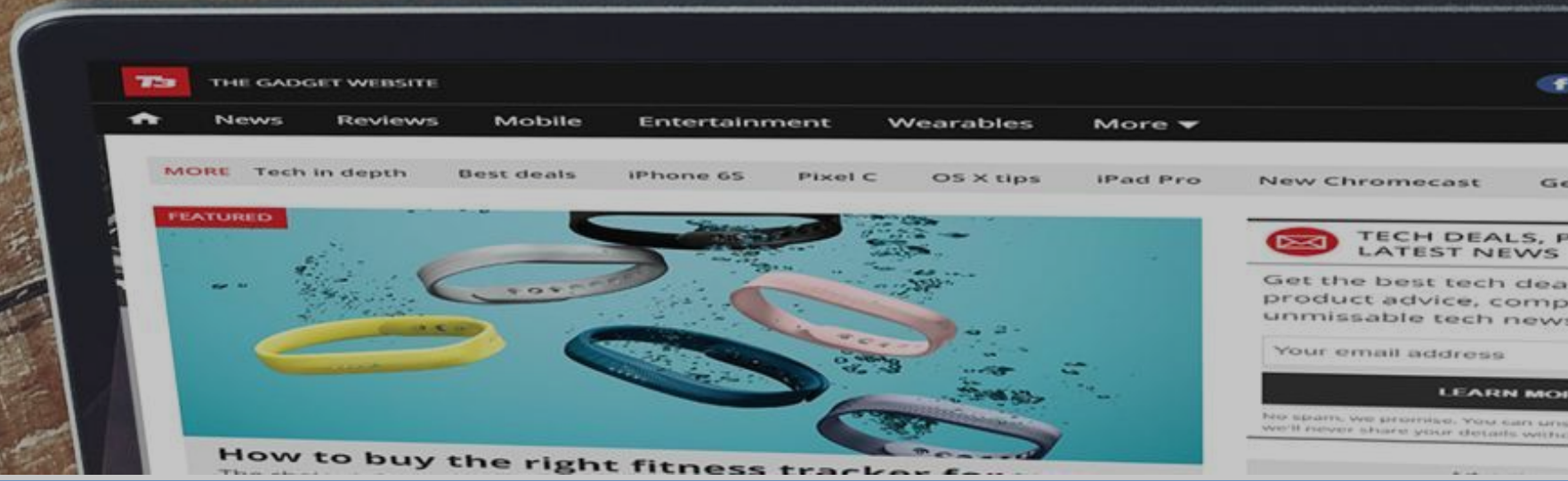
# HY17 in summary

1. Operating Profit up 375% (benefit of operating leverage) to £3.8m
  - H1 FY17 more than the whole of FY16 operating profit of £2.8m
  - Net of £0.5m investment in future digital growth
2. Significant EBITDA margin improvement to **12%** (HY16 7%) net of investment in future digital growth of £0.5m
3. Strong balance sheet (net debt of £5.2m and total facilities of £14m)
4. Strong cash performance with operating cashflows\* to £6.2m, 129% conversion of EBITDA and delivering to £5.2m net debt

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# Business Update & Strategy

Zillah Byng-Thorne - Chief Executive



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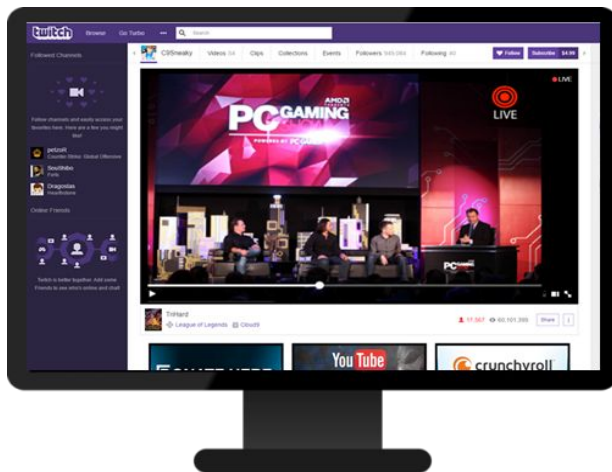
# Where we are going - our strategy

Future is a **global platform for specialist media** with scalable, diversified brands.

“Creating fans of our brands by giving them a place they want to spend their time, where they go to meet their needs. Continuing to **create loyal communities**.

Expanding our global reach through organic growth, acquisitions and strategic partnerships.”

**Diversifying our monetisation** models to create significant revenue streams.



“Future is a **global platform for specialist media**  
with scalable, diversified brands”



# Global platform for specialist media

Facilitating material diversified revenue streams

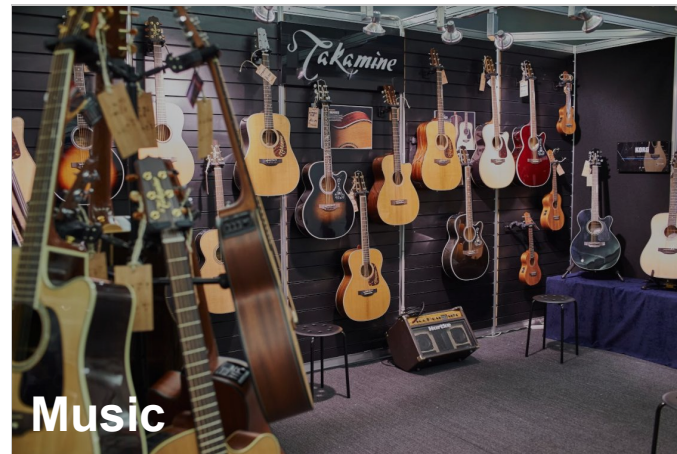
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# Specialised media in multiple sectors

Specialist high value sectors, scalable markets delivering diversified revenues





# Global fast-growing diversified brands

Market-leading and award-winning

**techradar.** **#1** Consumer technology website in the UK, growing 32% in US

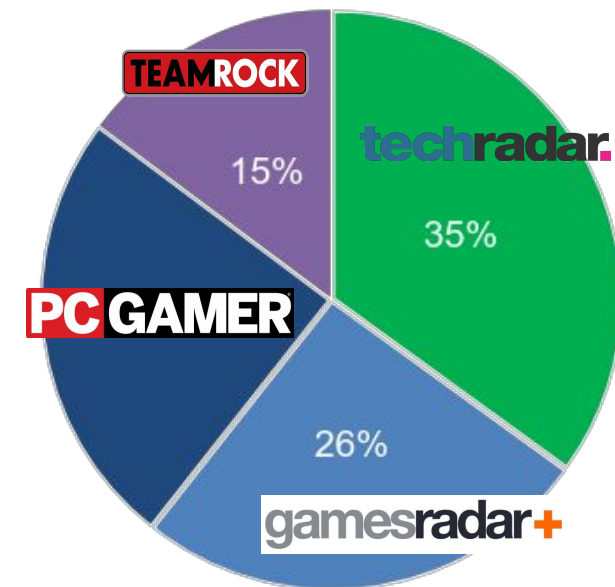
**PC GAMER** **#1** PC gaming website in the world, growing 21%  
“Best Online Consumer Media Brand”  
AOP Digital Publishing Awards 2016

**CB CREATIVE BLOQ** **#1** Creative & design content website in the UK and US, 132% revenue growth

**The Photography Show**  
“Event of the Year: Consumer Media”  
PPA Awards 2016  
Visitor numbers up 6%

Scalable, super brands

Top 4 brands account for 41% of total brands' revenue\*



# T3 case study

Fast-growing small brands



## +72%

YoY online revenue growth, FY17 H1

## +46%

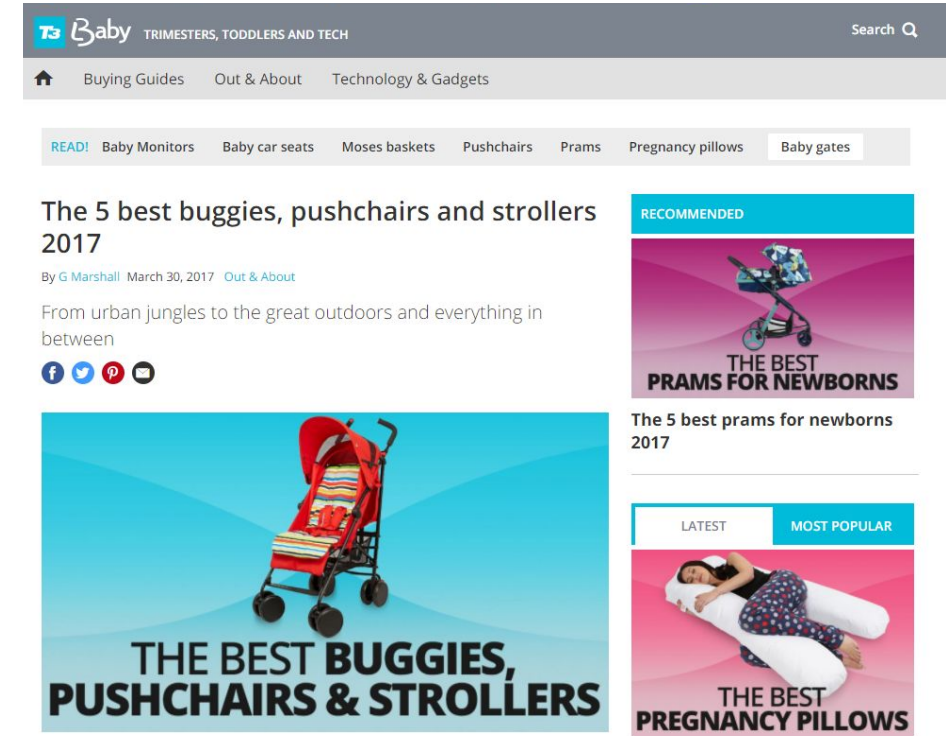
YoY online audience growth, Mar-17


## +315%

YoY T3 Awards revenue growth,  
FY17 H1

## 2 new content extensions

T3 Baby and Home & Kitchen



A photograph of a rock band performing on stage. In the foreground, a guitarist with long blonde hair, wearing a black leather jacket, is playing a yellow and black electric guitar and making a rock hand gesture. In the background, a drummer in a white tank top with a black cross is playing a Pearl drum kit. A banner in the background reads "GOLDEN 2016" and "FIREBALL".

“Creating fans of our brands by giving them a place they want to spend their time, where they go to meet their needs.”  
Creating loyal communities.



# Memberships



## Fans of our Brands

Specialist content  
Editorial exclusives and unique insight  
Accessible across all channels  
Globally tribal

## Online Membership

- Access to exclusive member content and offers
- Monetising our loyal communities
- TeamRock+, PhotoClub

Over  
25,000  
members

## Loyal Communities

Personalised content  
Online subscriptions  
Community events  
Direct distribution to retailers /  
increase in print subscriptions





# PC Gaming Show broadcast to over 622k viewers

Connecting our community through meaningful experiences

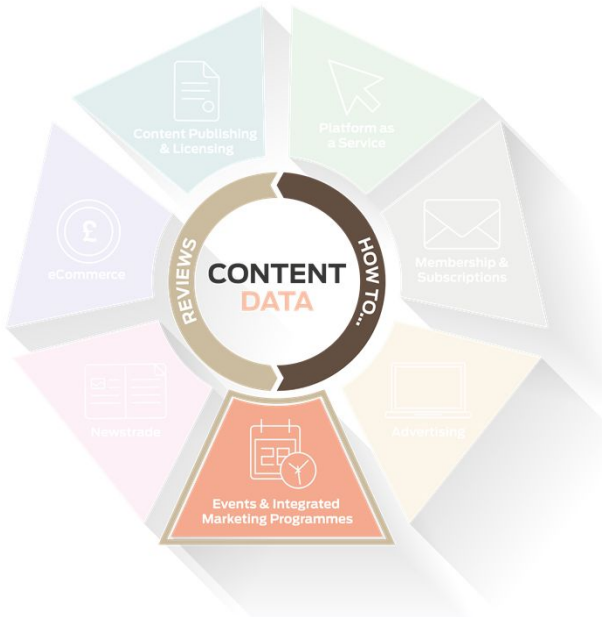


## PC GAMING SHOW

POWERED BY **PC GAMER**



- 90 minute hosted celebration of PC gaming curated by PC Gamer Editors
- Livestreamed on Twitch, YouTube and Facebook Live
- Extension of PC Gamer that capitalizes on our intimate understanding of our audience, the market and leverages our capabilities
- Harnessing our video expertise for multi-channel for clients and live streaming
- More concurrent viewers than Nintendo



# Events

Mobilising our loyal communities and deepening our brand franchises

- Small and intimate to truly national events
- 17 annual events across three countries
- Eight new events acquired in last 12 months
- Six events hosted so far this year
- Continuing success of The Photography Show - visitor numbers up 6% YoY to 32,000
- 2<sup>nd</sup> annual PC Gamer Weekender, 9% growth in visitor numbers
- PC Gaming Show at E3 established as a “must” event at the show and this year invited to be an “official” participant





“ Expanding our global reach through organic growth, acquisitions and strategic partnerships. ”



# Using data expertise to drive organic growth

We use data to identify opportunities to deliver what our users want

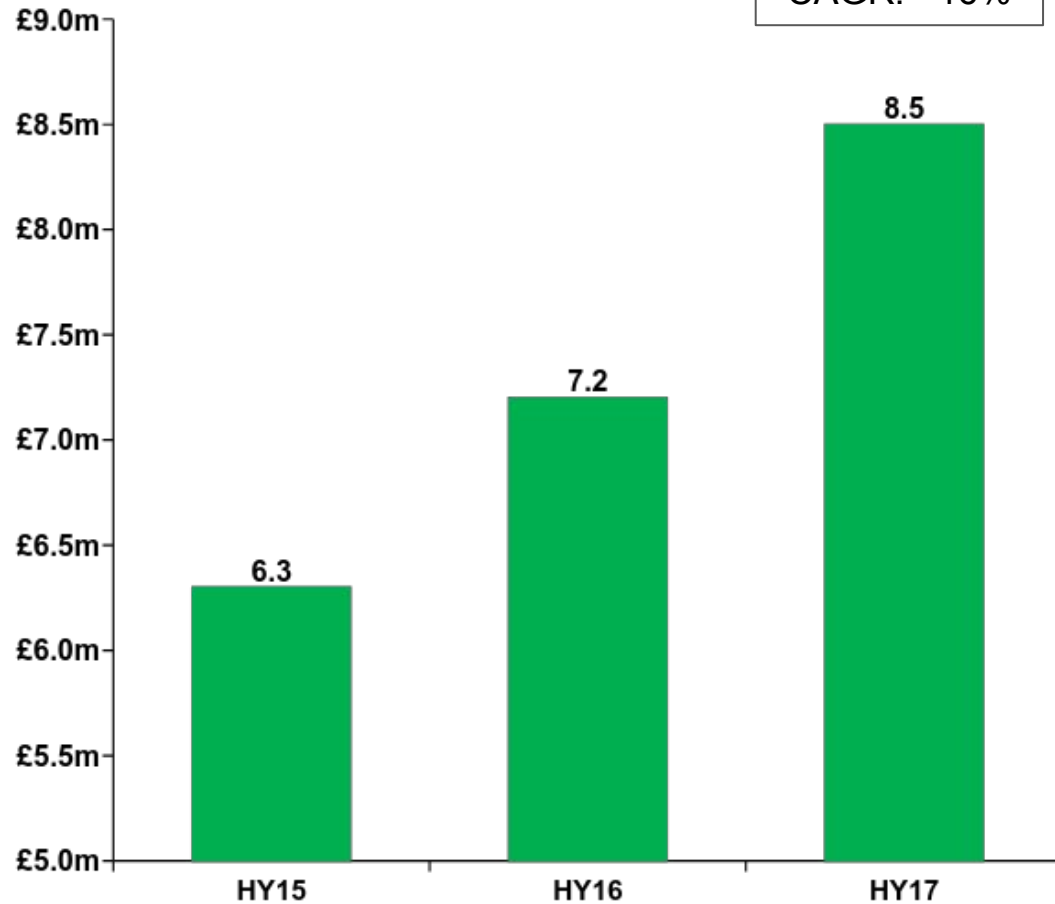
Investment in our platform has allowed us to launch quickly and cheaply

# Organic growth is our foundation

Diversifying our monetisation models to create material revenue streams

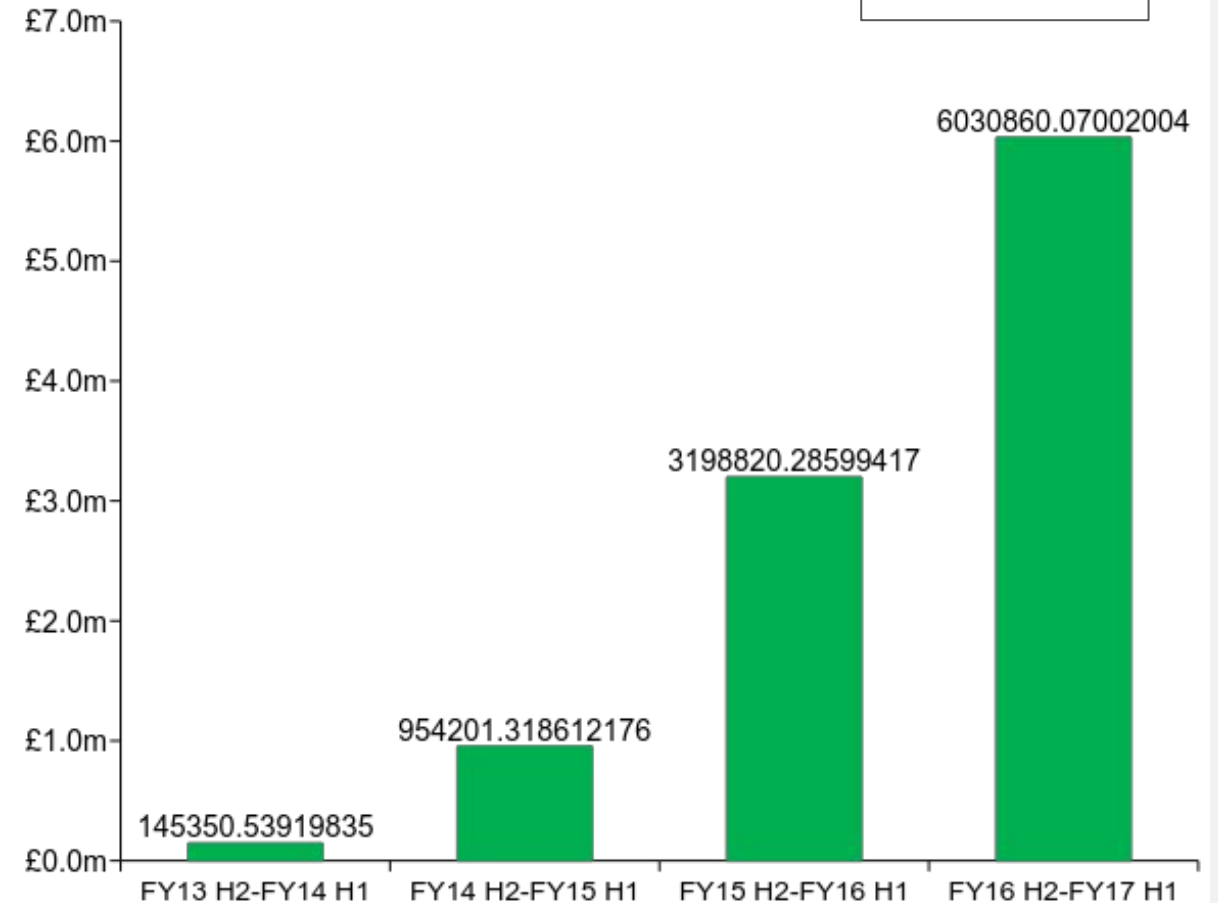
US revenue

CAGR: +16%



Affiliate revenue

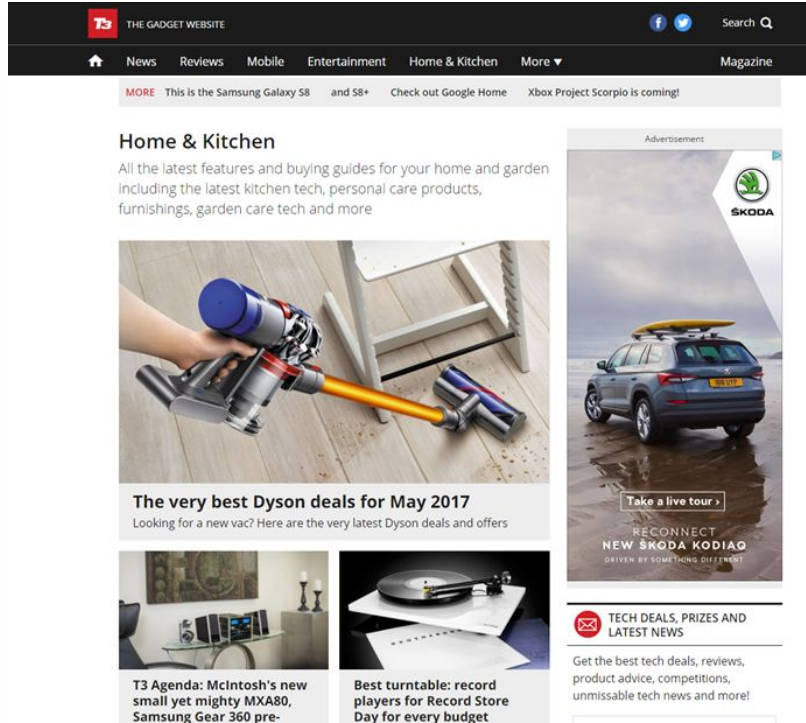
CAGR: +246%





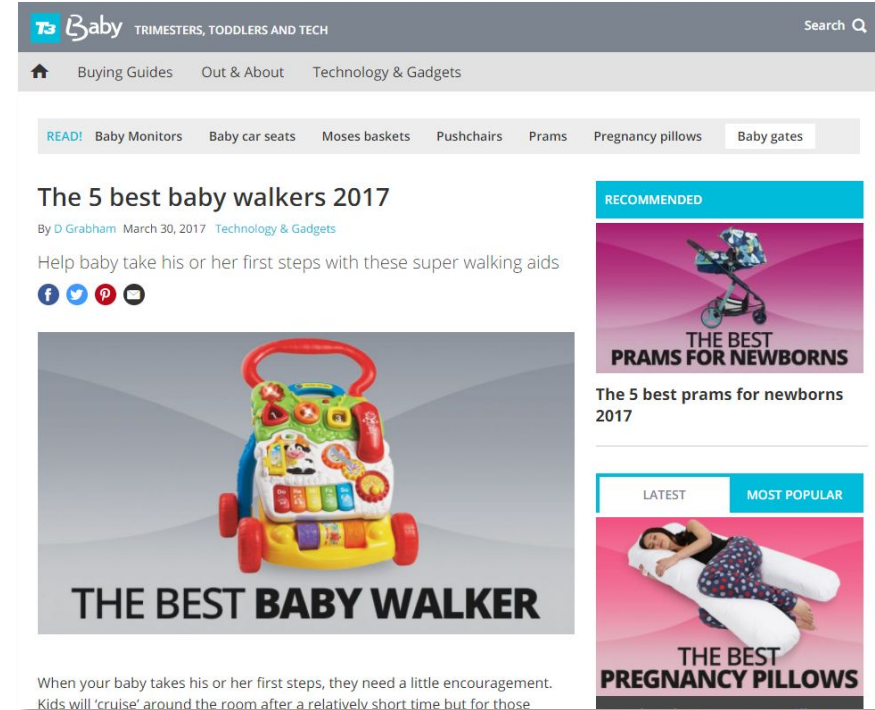
# Scalable technology combined with data insight supports organic growth

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## Content extensions

- T3 Home & Kitchen
- TeamRock+

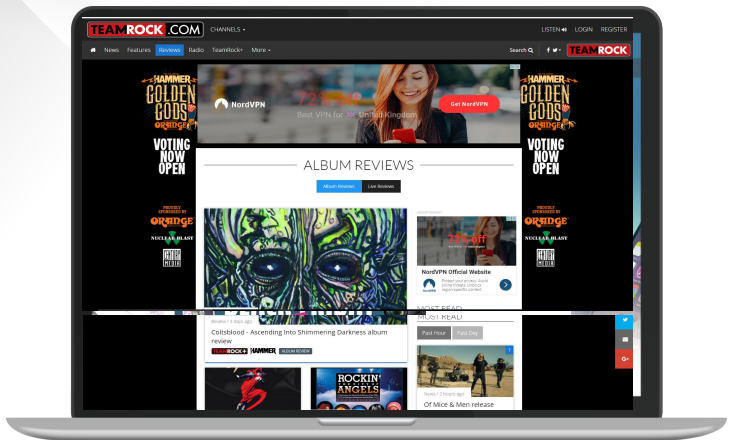
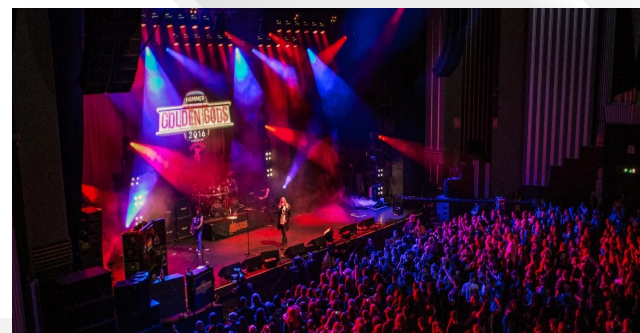
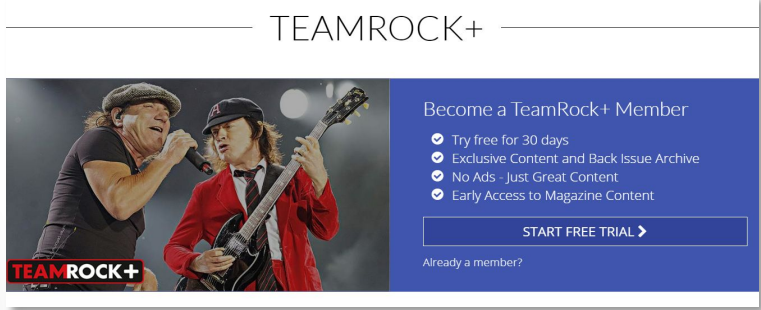


## New brand launch

- MVP approach T3Baby.com live within 4 weeks of concept
- Only 15 days launch time
- Impressive EPM\* of £28, compared to around £20 on some of our best buying guides on Techradar

# Investments in platform & data underpin successful acquisitions

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# Strategic partnerships

## Expanding our global reach through digital licensing

Enabling global partners to optimise their local offering by accessing trusted brands and authoritative content, and leveraging a unique commercial model developed by Future.

### Platform as a Service

Scaling the investment we've made in our platform business

Opportunity to franchise a successful platform model

The Times of India - franchising our media platform & brand

### HaaS

Proprietary platform  
eCommerce plugin  
Global advertising opportunity  
Content & SEO expertise  
One extended global team



Test live with one major UK daily publisher





**“Diversifying our  
monetisation  
models to create  
significant  
revenue streams.”**

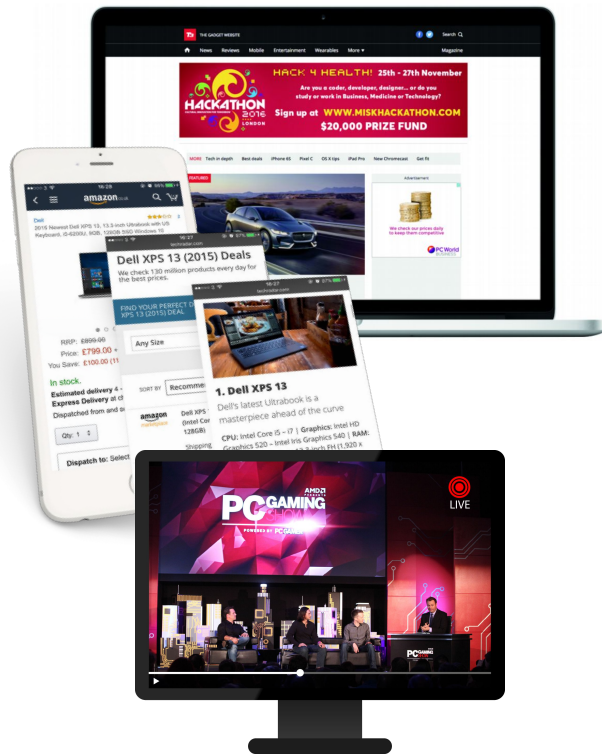




# Global platform for specialist media

Facilitating material diversified revenue streams

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# Diversification within Magazine division



## Focus on subscriptions

- Recurring revenue stream



## Bookazines

- Capitalising on emerging opportunities
  - Low cost innovation model
- Category Managers for bookazines in some WH Smith stores



## Ongoing innovation

- Total Guitar re-design
- Airgun Shooter re-launch

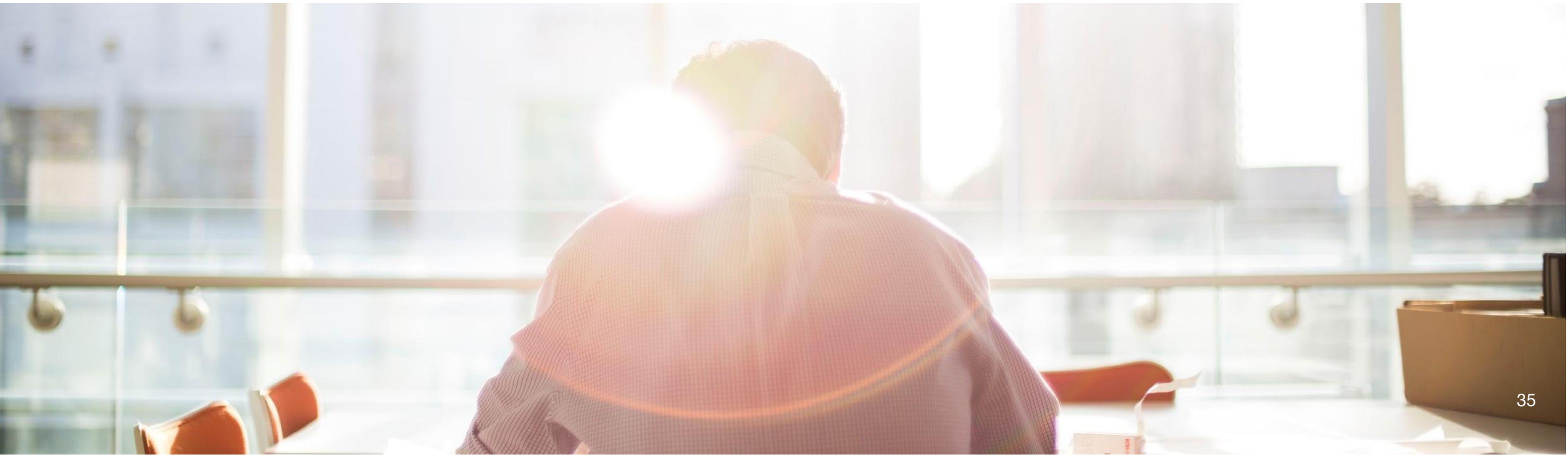
# Efficiency & excellence of operations

Complete restructure of Magazine division

Installation of new editorial and design operational structure

New contract terms

Revamped rights, freelance and workflow controls, driving synergies



# Acquisitions update

Launchpad to innovate within legacy division



- The integration of Imagine Publishing into the Group is now complete
- Full synergy savings expected to flow through in FY18 as planned



- Acquired the iconic magazines, website, events and radio license of Classic Rock, Metal Hammer, Prog, Blues and the Golden Gods
- Comeback issues made in two weeks
- New business model created
- Team integrated
- Magazines trading in line with expectations



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# Appendix

Our purpose - why we exist

How we behave

The Future brands







## “Why we exist

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...

...and how we will deliver

- 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



# Delivered by a team with a track record

## Organised to focus on results and the ability to scale



**Zillah Byng-Thorne**  
Chief Executive

**Julian March**  
Managing Director  
Media



20 years in the Media Industry

Expert in TV & digital media production

**Claire MacLellan**  
Managing Director  
Media Services



12 years experience of expanding brands internationally in Middle East, Asia, India, Europe and Australia

**Ben Greenish**  
Managing Director  
UK Commercial Sales, Events & B2B



25+ years in the Media Industry

Business, sales & media expert with multi-sector & geographic experience

**Jason Kemp**  
eCommerce & Trading Director



25 years in the Retail Industry

Retail, consulting and technology entrepreneur

**Penny Ladkin-Brand**  
Chief Financial Officer



7 years in the Media Industry

Specialist in pricing and digital monetisation models

**Kevin Li-Ying**  
Chief Technology Officer



12 years in the Media Industry

Specialist in search technologies, data processing, web development and service oriented architecture

**Aaron Asadi**  
Creative Director  
Magazines



14 years in the Media Industry

Multi-format, global consumer content specialist

**Neville Daniels**  
Managing Director  
Australia



17 years in the Media Industry

Ex KPMG working on corporate transactions in UK, NZ and Germany

# Technology

techradar.



MAXIMUMPC



lifehacker | UK

GIZMODO UK



techradar.pro



Mac  
FORMAT





# Gaming & Entertainment



# Creative & Photography



Music

musicradar. **TOTAL Guitar** Guitarist Guitar **Techniques**

**★CLASSIC★ Rock** **METAL HAMMER** **PROG** **Bass**  
Guitar Magazine

**ACOUSTIC** **RHYTHM** **COMPUTER music** **FutureMusic**  
MAKE MUSIC NOW





# Field Sports

**AIRGUN**  
Shooter

**BOW**  
INTERNATIONAL

**SPORTING RIFLE**

*Clay*  
**SHOOTING**

**GUN TRADE NEWS**  
BRITAIN'S ONLY SHOOTING INDUSTRY PUBLICATION

**SID**  
SHOOTING INDUSTRY DIRECTORY

**SHOOTING CLUB DIRECTORY**

**Shoot**  
IN SCOTLAND



**NATIONAL RIFLE ASSOCIATION** JOURNAL 

**The Airgun Show**

**THE SHOOTING SHOW**

# Knowledge & Science

**HOW IT  
WORKS**

**World of  
Animals**

**All About  
Space**

**HISTORY  
of  
WAR**

**History of  
Royals**

**Explore  
History**

**Total  
911**  
THE PORSCHE MAGAZINE

**ALL ABOUT  
HISTORY**

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# Thank You

