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# FUTURE PLC 2018 H1 RESULTS

17th May 2018



# Executive summary

- **Another strong set of results**
  - Group revenue up 25% year-on-year
  - Driven by underlying organic growth particularly in the Media division and contributions from acquisitions
  - Substantial growth in adjusted EBITDA and operating profit up 83% and 97% respectively year-on-year as benefits of operating leverage start to come through
- **Momentum in strategy to be a technology enabled global platform for specialist media**
  - Investment in core operating model to create scalable organisation
  - Platform business model facilitating further growth
- **Diversified and organic revenues driving growth**
  - Growth in events and eCommerce in H1 delivering diversification supporting sustainable growth in EBITDA
  - Continued high-growth Media revenues - now represent 51% of group revenues
  - Expansion of US reach translating into revenue
- **Accelerating delivery of strategy through acquisitions**
  - Home Interest full integrated
  - Acquisition of NewBay Media in April, an information and events business in technology and entertainment sectors
  - Acquisition of Haymarket Brands include What Hi-Fi?, FourFourTwo and Practical Caravan



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# FINANCIAL REVIEW

Penny Ladkin-Brand - Chief Financial Officer



## Financial KPIs

Operating profit\*  
**£7.5m (HY17: £3.8m)**

EBITDA margin\*  
**17% (HY17: 12%)**

Operating cash inflows\*  
**£11.1m (HY17: £6.2m)**

Recurring revenues  
**28% (HY17: 27%)**

\*Adjusted - stated before share based payments and related social security costs, amortisation of acquired intangibles and exceptional costs.  
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# Financial highlights

£m	HY18	HY17	YoY Var	2017 Full Year
Revenue	51.1	40.9	25%	84.4
EBITDA*	8.8	4.8	83%	11.0
EBITDA margin*	17%	12%	42%	13%
Operating profit*	7.5	3.8	97%	8.9
Diluted EPS*	12.3p	8.7p	41%	21.0p
Net debt	(2.0)	(5.2)	3.2	(10.0)
Free cashflow*	10.1	5.1	98%	15.3

- Revenue increased 25% reflecting strong organic growth plus the acquisition of Home Interest which contributed £7.1m in the period
- EBITDA margin improvement reflects increased scale and growth in higher margin media revenue

\*Adjusted - stated before share based payments and related social security costs, amortisation of acquired intangibles and exceptional costs.  
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# Group performance: **revenue**

£m	HY18	HY17	YoY Var	2017 Full Year
Media	26.2	16.2	62%	34.1
Magazine	24.9	24.7	1%	50.3
Total	51.1	40.9	25%	84.4
% recurring	28%	27%	4%	27%

Media revenue 51% of group revenue with organic growth rate of 31% driven by:

- eCommerce revenue up 77% to £7.6m (2017: £4.3m), all of which is organic
- Digital advertising revenue up 33% to £11.3m (2017: £8.5m), excluding impact of FY17 acquisitions 24%
- Events revenue up 143% to £7.3m (2017: £3.0m), excluding impact of FY17 acquisitions 3%

Underlying, Magazine organic revenues declined in line with our expectations.

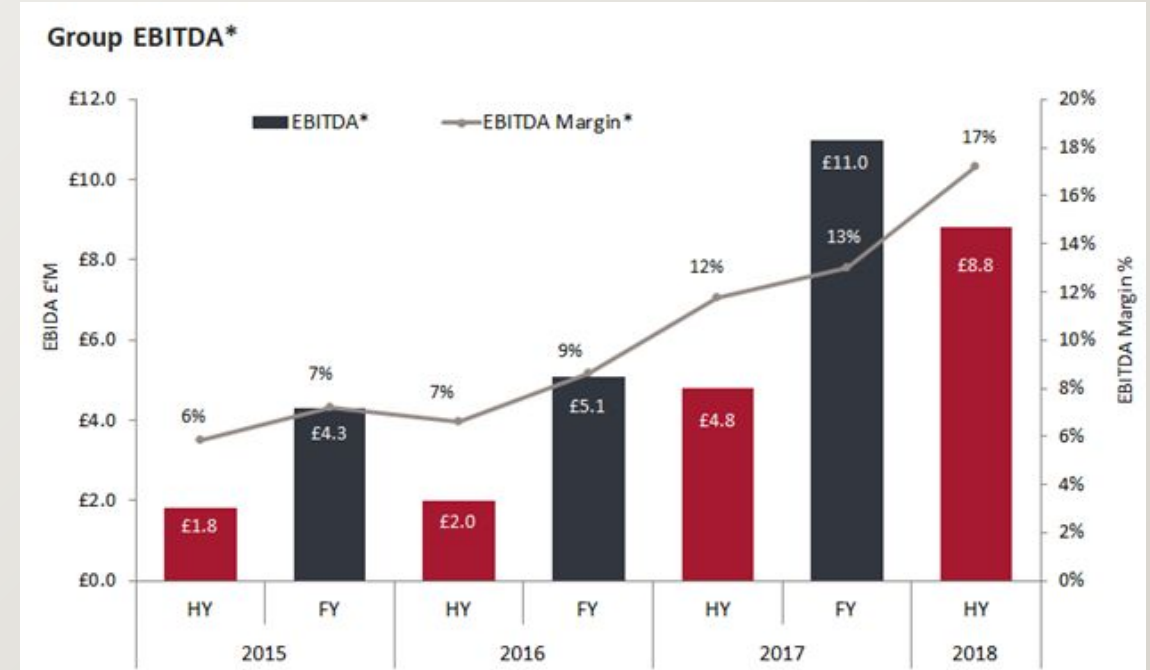
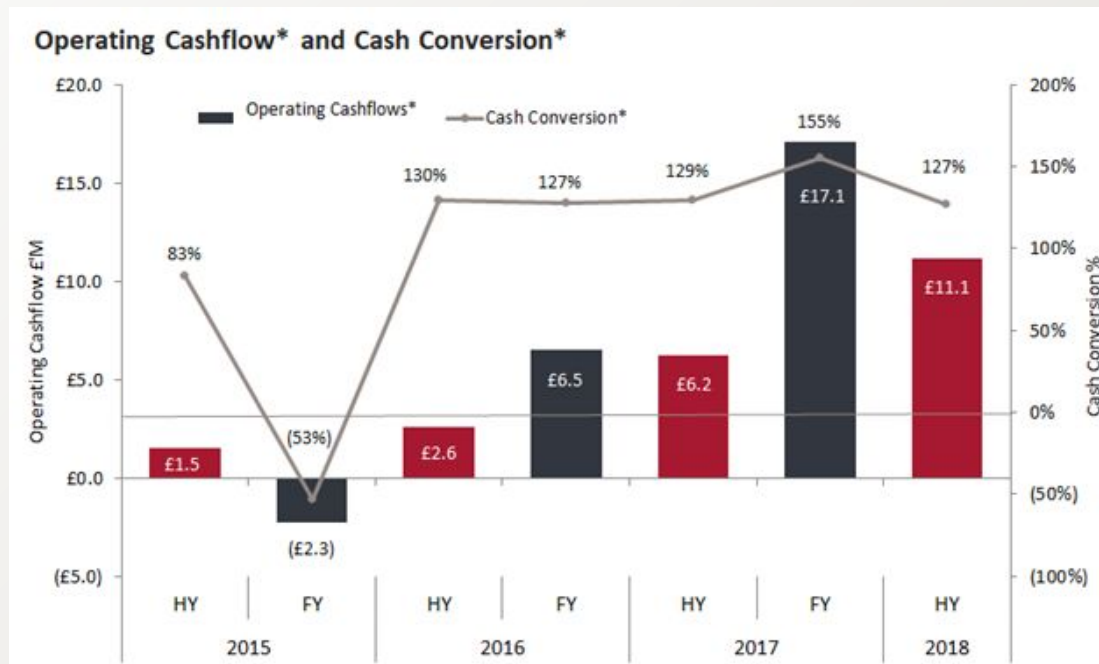
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# Group performance: growth in EBITDA

Focus is on

- delivering sustainable growth in EBITDA
- profitable revenues rather than top-line growth to drive margin expansion
- converting profits to cash



\* Adjusted

Cash conversion defined as Adjusted Operating Cashflows/EBITDA

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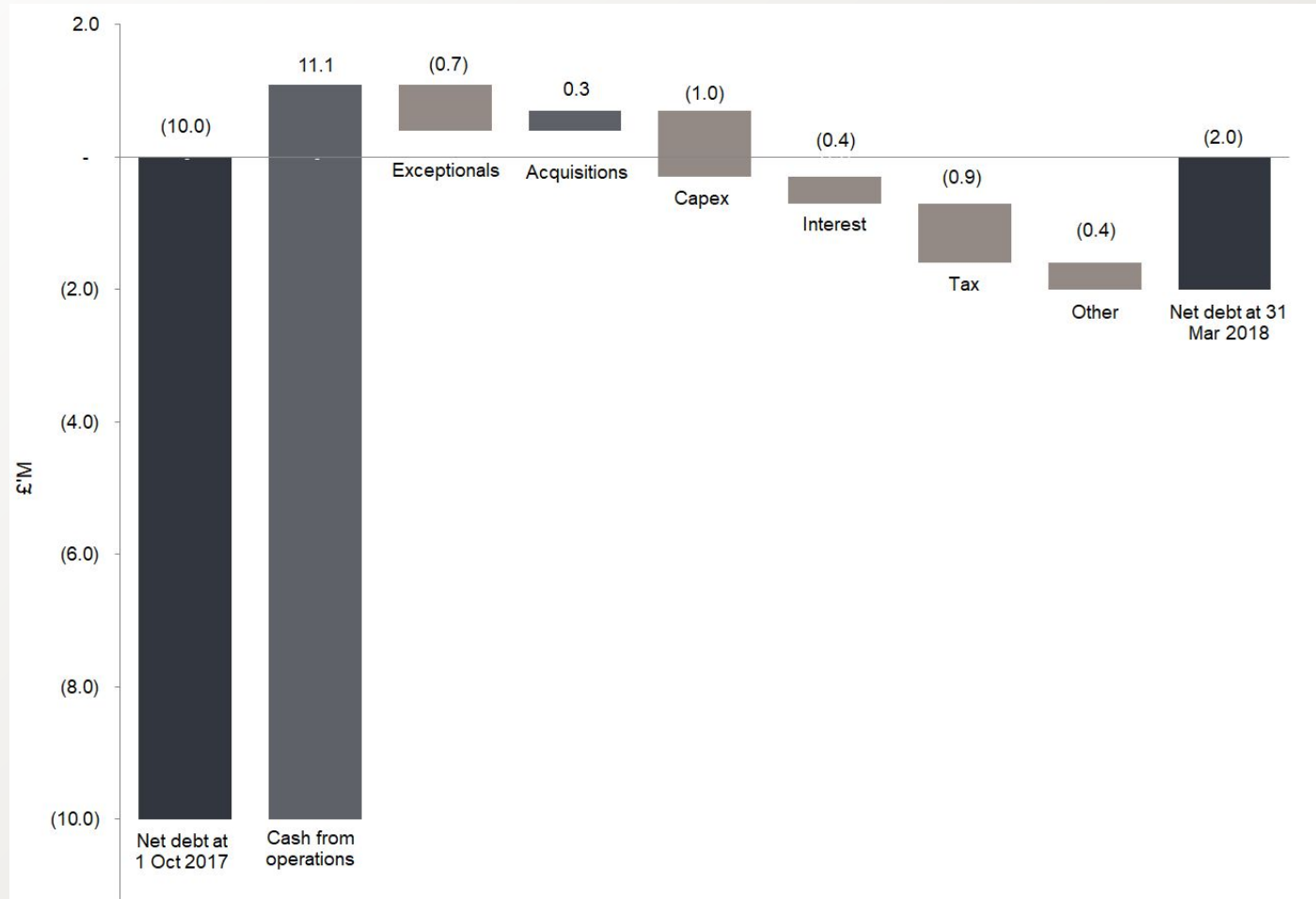
# Group performance: EBITDA

£m	HY18	HY17	YoY Var	2017 Full Year
Media Division gross contribution	22.4	13.3	68%	27.6
<i>GC margin</i>	<i>85%</i>	<i>82%</i>	<i>3pp</i>	<i>81%</i>
Magazine Division gross contribution	16.6	16.5	1%	33.4
<i>GC margin</i>	<i>67%</i>	<i>67%</i>	<i>0pp</i>	<i>66%</i>
Admin costs and other overheads	(30.2)	(25.0)	21%	(50.0)
<i>Overheads as % of revenue</i>	<i>59%</i>	<i>61%</i>	<i>-2pp</i>	<i>59%</i>
<b>EBITDA</b>	<b>8.8</b>	<b>4.8</b>	<b>83%</b>	<b>11.0</b>
<i>EBITDA margin</i>	<i>17%</i>	<i>12%</i>	<i>5pp</i>	<i>13%</i>

- Media margin improvement, driven by continued growth in eCommerce, despite the significant growth in events which are lower margin
- Magazine margin flat due to increased scale through recent acquisitions in the division - underlying we expect this to decline over time
- Overheads as a % of revenue reducing despite a number of investments in future growth absorbed within period
- Impact of the change in revenue mix dropping through to bottom line with 5pp improvement in EBITDA margin



# Cashflow



- Continued strong generation of cash from operating cashflows
- Acquisition related inflow is in respect of final working capital adjustment from Home Interest acquisition
- Capex mainly includes website development and investment in IT infrastructure
- Tax reflects repayment of legacy HMRC debt (due to be repaid in full in June 2018) and payments on account
- Acquisition of Newbay and Haymarket titles post period end funded from debt. Current net debt around £17m.



## 2018 H1 in summary

- eCommerce platform shows continued momentum
- Strong performance from digital advertising in period reflecting technology investments
- Magazines continue to decline as expected
- Continued investment in new Media growth areas
- Strong results with continued margin expansion and cash generation



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A Canon EOS 5Dsr and a Pentax camera are positioned on a brown leather surface. The Canon camera is in the foreground, angled towards the left, with its lens cap removed. The Pentax camera is behind it, also angled towards the left. The background is dark and textured, possibly a bookshelf or a wall.

# BUSINESS UPDATE & STRATEGY

Zillah Byng-Thorne - Chief Executive





# Our strategy

Future is a technology enabled 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's strategy: a global platform for specialist media

Growth through the platform wheel



## 1 Diversifying our audience

New verticals

- Outdoor leisure
- Football

Added B2B expertise

- B2B Music
- B2B TV
- B2B Games

New global audiences

- TechRadar India
- TechRadar GCC
- TechRadar Norway

## 2 Powered by our tech stack

- Scalable, lean and robust
- Continued improvements in eCommerce and digital advertising

## 3 Continued diversification of content monetisation

Trialling:

- Premium content online
- Monetising audience who use ad blockers
- New content genres
- Ecommerce services
- Geographic expansion

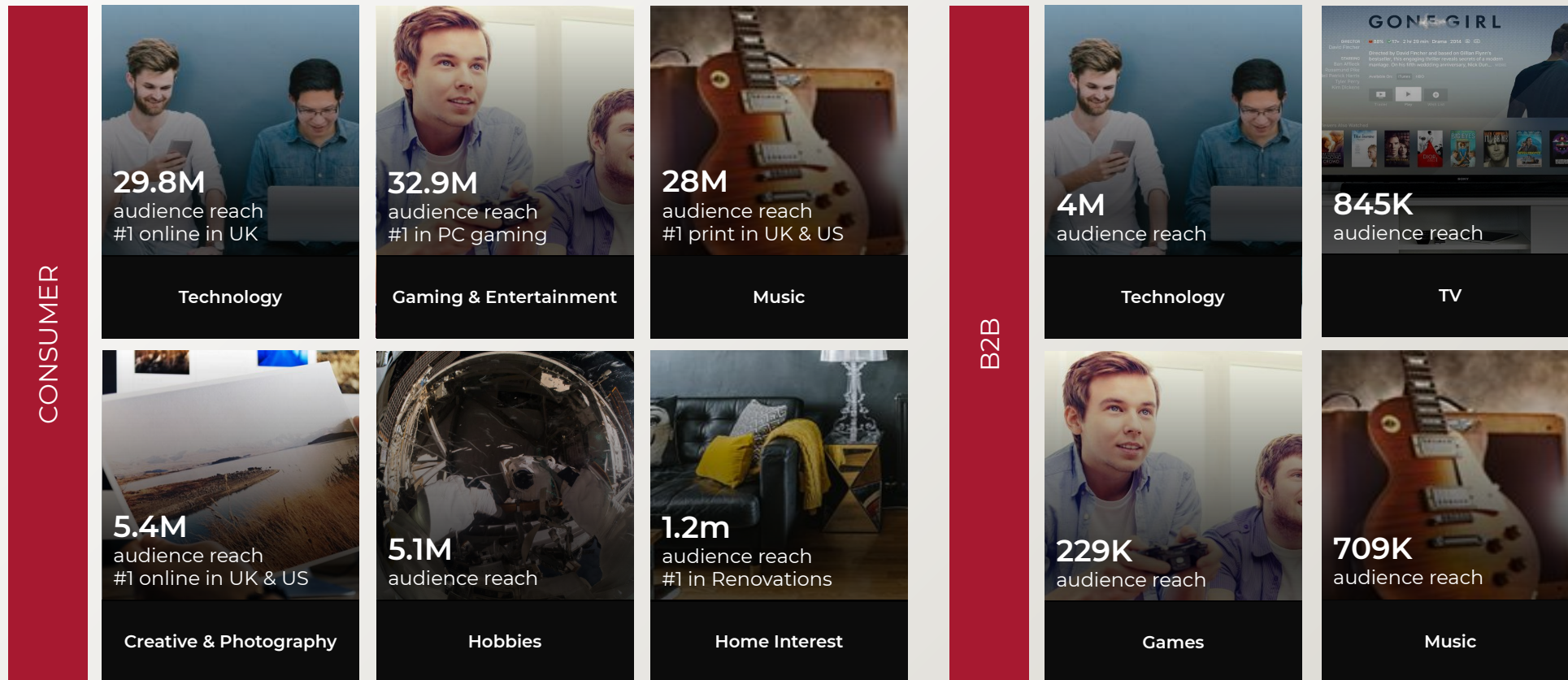
## 4 Ongoing Investment

- Buy & build where we can add value
- Continued investment in our tech stack
- Continued investment in our people (living wage, induction event and psychometrics to identify Future Pirates)



# Specialised media in targeted audience verticals

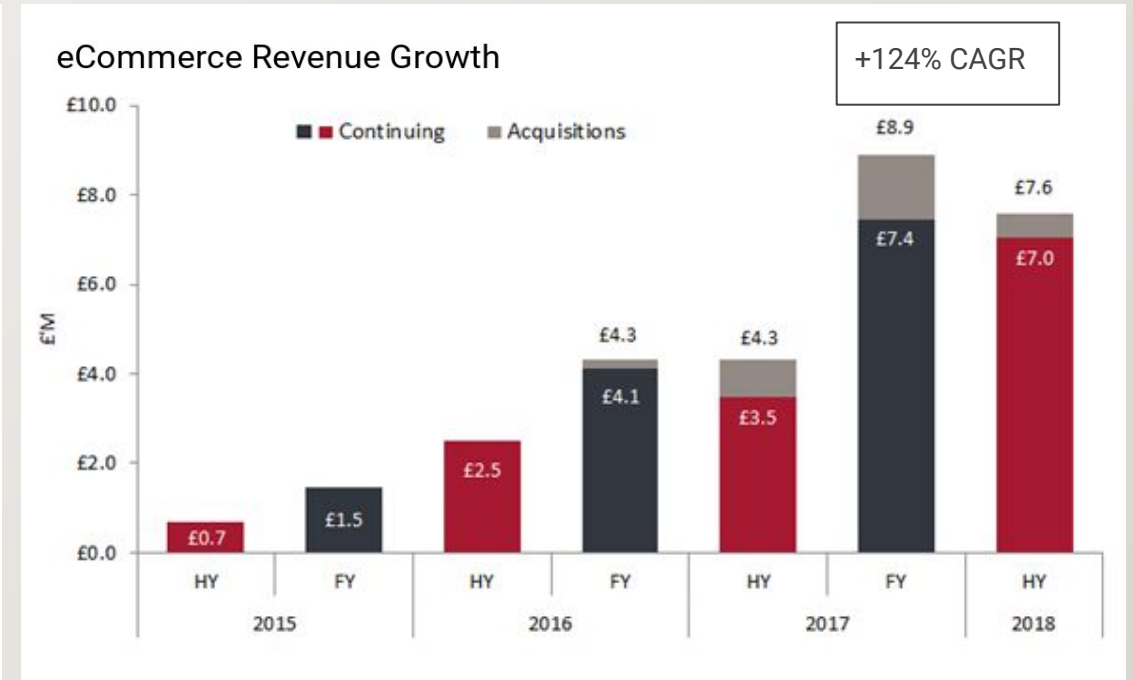
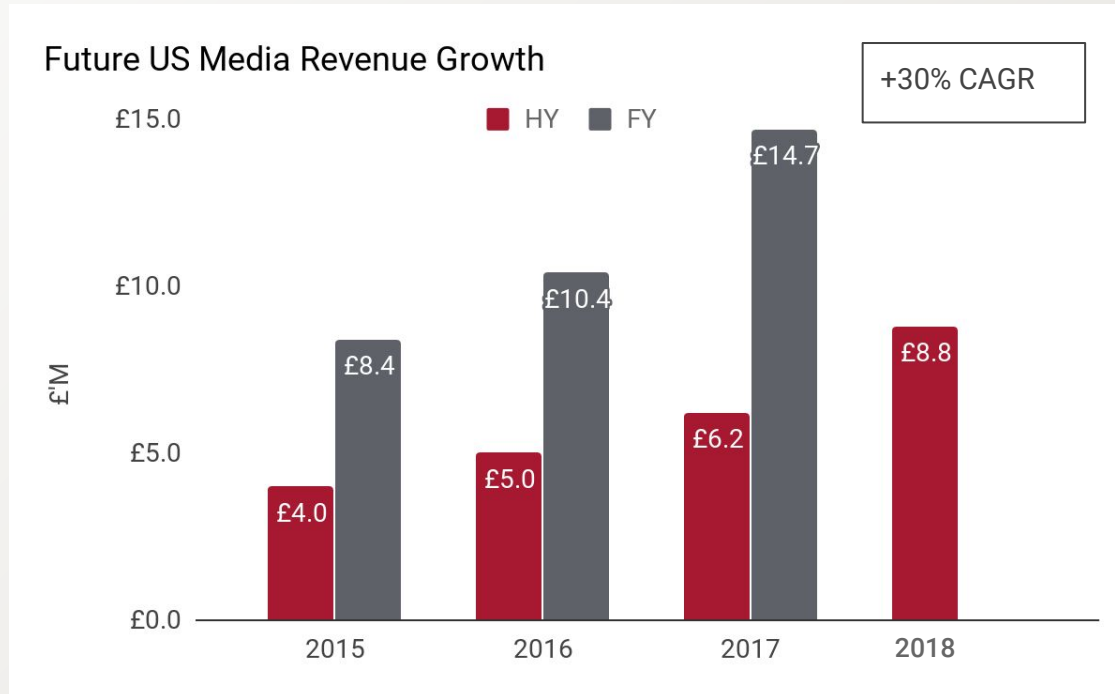
Audience diversification through scalable sectors delivering diversified revenues



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# Delivering on strategy: diversified & organic revenues

We have successfully grown our organic business via growing audiences and developing new formats



In the chart above eCommerce continuing revenue excludes FY17 acquisitions and Next Commerce which was an FY16 acquisition.

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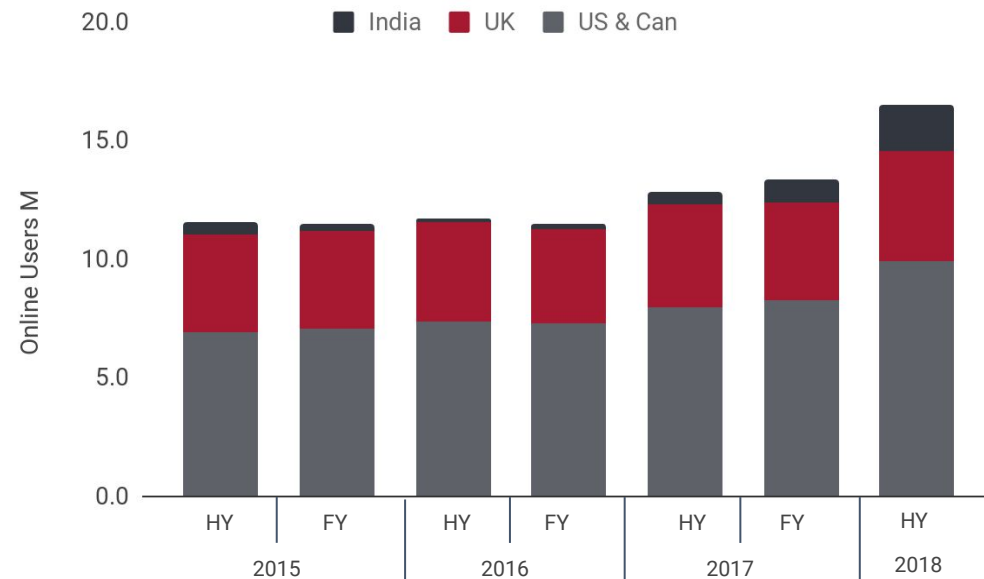
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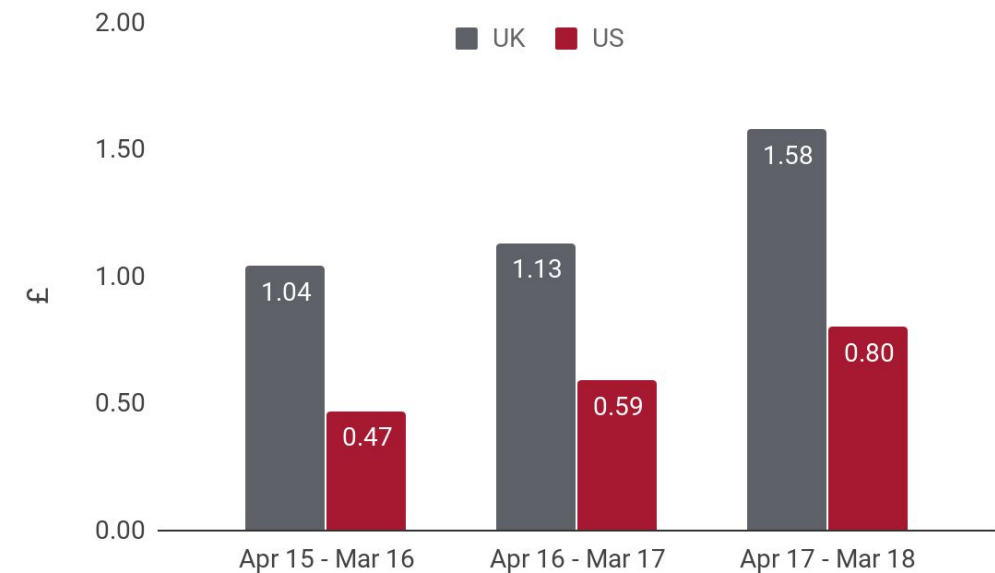
# Delivering on strategy: **expanding our global reach**

- Our success is driven by market leadership in many of the markets we operate in
- Growing our global audience represents a real opportunity for further monetisation
- Our online audience growth so far has been largely organic and via partnerships

TechRadar Online Users



Media Revenue Per Online User



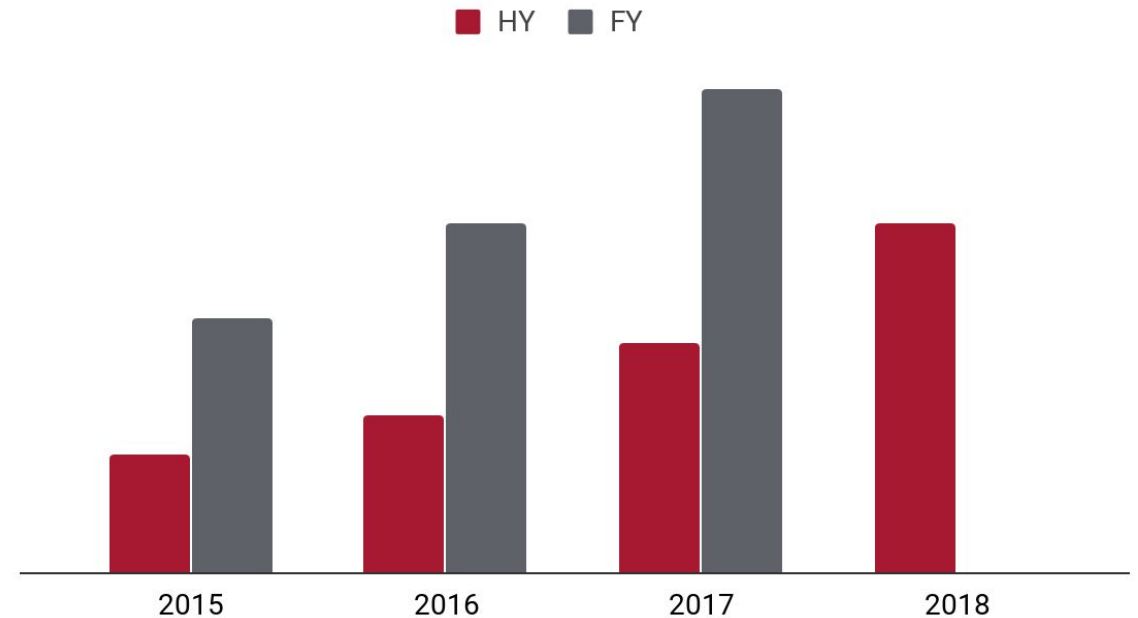


# Digital advertising growth

Investment in our tech stack capitalising on programmatic market growth

- Investment in tech stack has resulted in:
  - Digital advertising revenue up 33% year-on-year
  - Increased advertising yields by improving demand and quality
  - Improved viewability and load times
  - Innovative and proprietary ad tech solutions enabled further revenue diversification
  - Benefits are scalable through automation

Group Programmatic Revenue\*



\*Excludes revenue generated for third parties (Future partners)

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# Delivering growth: **scalable platforms**

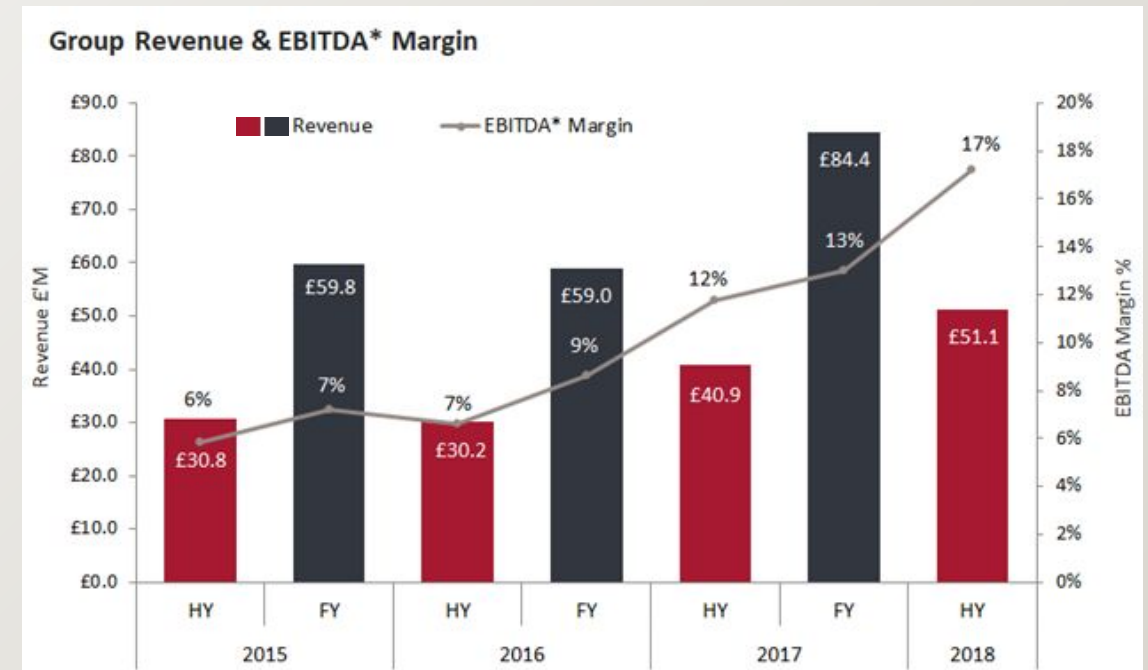
Investment in core operating model creating a scalable business model

## Investment in tech stack

- Supporting market shift to programmatic advertising
- Improved viewability
- Implemented header bidding
- Optimisation of proprietary CMS
- Improved availability and accessibility of audience insights resulting in improved efficiency of content spend

## Investment in back office and infrastructure

- Investment in core operating model resulting in margin expansion
- Right-sized our organisation to create a platform for growth
- Scalable overhead teams
  - Investment in core back office systems
  - Refurbished all offices
  - Strategy to insource to low cost location





# Delivering strategy: **acquisitions**

- Core part of strategy in buy and build where we identify assets where we can add value
- Systemic approach to all acquisitions, resulting in all transactions to date being originated in house

## Phase 0

*pre purchase*

### **IDENTIFICATION**

Systemised identification of long list internally developed

Desktop review to understand value against strategic filters

Relationships with key staff developed (often CEO to CEO)

Thorough due diligence undertaken with financial screening

## Phase 1

*first 4 months*

### **INTEGRATION**

Diligence validation

Meet and greet all staff

Management assessment and new structure in place, cost savings delivered

Back office systems migration (Finance, IT, HR, Production, Rights Mgt)

Review

## Phase 2

*4-12 months*

### **TRANSFORMATION**

Implementation of new revenue streams based on Future platform model

Global audience focus

Website refreshes

Best practice sharing

Incentives review

## Phase 3

*1-2 year*

### **OPTIMISATION**

Yield management review

New product launches

eCommerce growth from digital focus

Review & lessons learnt

# Buy & build: Home Interest

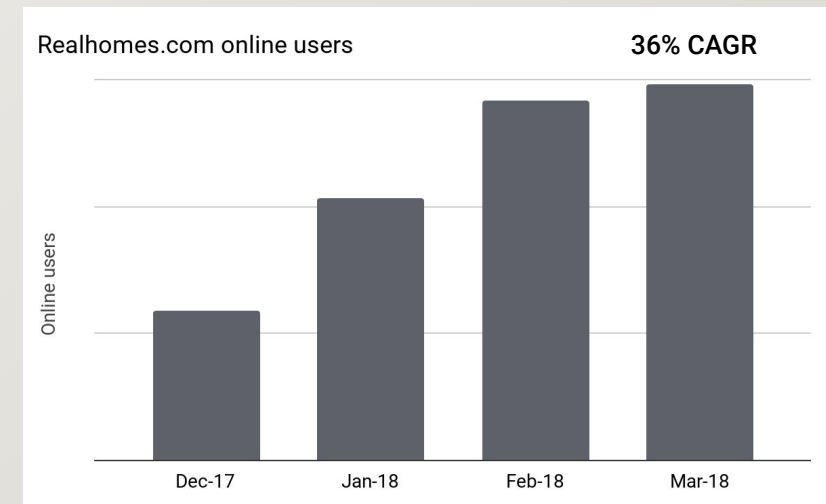
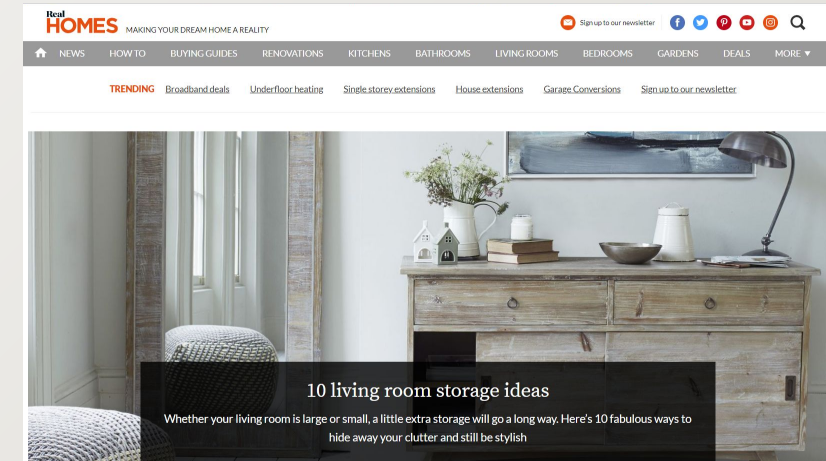
## Integration

- Complete and delivered within four months

## Business performance

- Launched Realhomes.com in November 2017
- Scalable tech stack enabled the launch of RealHomes.com in just five weeks
- Realhomes.com users up 150%+ since December
- H1 proforma revenue increase of 9% from the Homebuilding & Renovating Shows
- Earnings accretive in first full year

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# Acquisition of NewBay Media

- Acquired April 2018, it is an information and events business based in New York and London
- Substantial B2B portfolio operating in verticals including TV & Audio and Electronics & Education
- Creates a leadership position in consumer division in Music in US
- Expands existing tech client universe, through focus on higher-end/pro level kit
- Complementary B2B brands in complementary verticals facilitating further revenue diversification and adding B2B expertise
- Key brands include Guitar World, Music Week, Tech & Learning, PCR, C&B news
- New MD hired with considerable B2B experience; started 1 May based in NY
- Expected to be earnings accretive in first full year
- Long term strategic opportunity, expect to invest in the business over next 12 mths as materially under invested



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# Acquisition of Haymarket titles

- Four specialist consumer titles: What Hi-Fi?, FourFourTwo, Practical Caravan and Practical Motorhome
- Expands reach in technology market and provides entry into the audio visual market
- Increases audience diversification into new specialist verticals - football and outdoor leisure
- Established brands with strong market positions
- Earnings enhancing in first year, driving growth in profitability and cash generation





# Summary

- Strong first half
- Executed on organic expansion and continue to find sub scale assets which can bring real value to the Future business model
- Continue to invest in people and technology
- Focus on diversifying revenue base and strong returns on cash generation
- A truly global technology platform for specialist media



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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

”

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# 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

150+ brands

7 consumer  
verticals

4 B2B verticals

## Market Leading

TechRadar #1 UK consumer tech  
website

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



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THANK YOU