Half year results

Released : 17.05.2018

RNS Number : 3487O
Future PLC
17 May 2018

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Future plc

Global media platform generating strong profitable growth

Future plc (LSE: FUTR, "Future", "the Group"), the global platform for specialist media, today publishes results for the six months ended 31 March 2018.

Financial highlights

- Group revenue up 25% to £51.1m (2017: £40.9m), of which 7% is organic
    - US revenue organic growth of 22% to £10.4m (2017: £8.5m)
    - Media division revenue up 62% to £26.2m (2017: £16.2m), of which 31% is organic
        - Organic eCommerce revenue increased 76% to £7.6m
        - Digital display advertising revenue up 33% to £11.3m
        - Events revenue grew 142% to £7.3m, bolstered by Home Interest acquisition
    - Magazine division revenue up 1% to £24.9m (2017: £24.7m), reflecting acquisition of Home Interest's print titles in FY17 offset by expected continued print decline
    - Recurring revenue* now 28% (2017: 27%) of total revenue
- Adjusted EBITDA** increased 83% to £8.8m (2017: £4.8m)
- EBITDA margin (adjusted) improvement to 17% (FY17: 12%), reflecting planned changes in revenue mix and operational leverage benefits of increased scale of Group
- Continued growth of adjusted operating profit*** up 97% to £7.5m (2017: £3.8m) and reported operating profit of £3.8m (2017: £1.3m)
- Adjusted EPS up 45% to 13.5p per share (2017: 9.3p per share) and reported EPS increased to 7.4p per share (2017: 2.8p)
- Strong adjusted operating cash inflow**** of £11.1m (2017: £6.2m) and reported operating cash inflow increased 225% to £10.4m (2017: £3.2m) with adjusted cash conversion of 127%*****

Operational highlights

- Considerable progress in strategy to build a profitable global platform business for specialist media with diversified revenue streams, through organic growth and acquisitions
- Scalable infrastructure allowing integration of Home Interest's systems within four months, with limited increase in back office costs
- Leading edge technology has enabled further diversification of revenue mix, with continued improvements in Hawk eCommerce technology and programmatic advertising
- Investment in US management team to realise full potential of US growth opportunity while leveraging the Group infrastructure
- Acquisitions:
    - Proven track record of successfully integrating acquisitions, Home Interest now completed
    - Acquired US based NewBay Media in April 2018, driving macro revenue diversification with B2B brands and accelerating Future's growth in the US
    - Four specialist consumer brands acquired from Haymarket Media Group in May 2018

Zillah Byng-Thorne, Future's Chief Executive, said:

"We have delivered another period of significant growth in the first half of the financial year with increases in both revenue and profitability, driven by our strategy to develop a scalable global platform business.

"Underlying growth has been notably strong in Media revenues and in the US, which represents a significant opportunity for the Group. We have also maintained our relentless focus on delivering sustainable growth in EBITDA, through the generation of profitable and diversified revenue streams.

"The two acquisitions we have made this year exemplify our strategy of growing organically and through acquisition, delivering global expansion and revenue diversification. We have a proven track record of successful delivery, and the Home Interest portfolio we acquired 10 months ago has now been fully integrated. We anticipate continued growth momentum across the business in the second half of the year."

*Recurring revenue comprises eCommerce and subscriptions.
**Earnings before share based payments and associated social security costs, interest, tax, depreciation, amortisation, impairment of intangible assets and exceptional items.
***Before share based payments, amortisation of acquired intangibles and exceptional items, in aggregate of £3.7m (2017: £2.5m).
****Adjusted operating cash inflow represents operating cash inflow adjusted to exclude cashflows relating to exceptional items.
*****Adjusted cash conversion represents adjusted operating cash inflow as a percentage of adjusted EBITDA.

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Certain information contained in this announcement would have constituted inside information (as defined by Article 7 of Regulation (EU) No 596/2014) prior to its release as part of this announcement.

Note to editors

Future is a global platform business for specialist media with diversified revenue streams.

The Media division is high-growth with three complementary revenue streams: eCommerce, events and digital advertising. It operates in a number of sectors including technology, games, music and home interest markets and has a number of leading brands including TechRadar, PC Gamer, GamesRadar+, The Photography Show, Homebuilding & Renovating Show, Generate, MusicRadar and the Golden Joysticks.

The Magazine division focuses on publishing specialist content, with 86 publications and over 440 bookazines published per year, totalling global circulation of over one million. The Magazine portfolio spans technology, games and entertainment, music, creative and photography, field sports, knowledge, home interest, sport and outdoor leisure. Its market-leading titles include Classic Rock, Total Film, How It Works, Digital Camera, Homebuilding & Renovating and All About History.

Strategy update

Global platform business growing organically and through acquisition

Future continues to build a global platform business for specialist media with diversified revenue streams, through organic growth and acquisition. Since the implementation of this strategy in 2016, Future has delivered strong growth in revenue and profitability, with the Media division growing organically in the UK and US and through acquisitions, particularly in our events portfolio.

Operational review

Sustainable growth in EBITDA

The Group's focus is on delivering sustainable growth in EBITDA, centred on generating profitable revenue streams. This has resulted in strong growth, with adjusted EBITDA up 83% year-on-year to £8.8m and a 47% improvement in the adjusted EBITDA margin to 17%.

A key driver of margin growth is Future's investment in its core operating model, including its back office and infrastructure. This has positioned the company for further growth by creating a business model that is scalable over the long-term.

In H1 2018, Future has continued to invest in its platform in a number of areas:

- Optimisation of the proprietary built content management system enabling the reuse of magazine content in online properties and increasing the efficiency of our editorial teams.
- Improving availability and accessibility of audience insights for editorial teams to improve efficiency of content spend and ensuring we are creating content that is relevant to our audiences at that moment in time.
- The technology that supports the market shift to programmatic advertising. During the course of FY17, Future improved the viewability of its digital advertising and implemented header bidding, as well as focusing on programmatic yield optimisation. These

improvements, combined with continued investment in optimising advertising based on audience behaviour, is reflected in the significant growth in digital advertising, up 33% in H1 2018. As this work was undertaken late last year, we expect this growth to continue albeit at a slower rate.

Delivering strategy through diversified and organic revenue growth

The Group's focus on diversifying its revenue streams has resulted in innovations established through technology and data. These include the launch of Realhomes.com in November 2017 and the online music platform Louder in March, which is a re-imagination of the TeamRock.com brand. These launches clearly illustrate how the Group brings assets onto the Future platform to deliver future growth.

In addition, the Group has invested in a number of trials of new monetisation concepts in the first half, in order to continue revenue diversification by identifying material new revenue routes. These are principally focussed on the monetisation of premium content online and monetising the proportion of audience who use ad blockers, as well as the continual testing of new content genres. These are early stage investments and therefore are not yet contributing to the Group's profits. However, it is core to the Group's strategy to continue to diversify by incubating areas of new opportunity.

The Group continues to scale investment in its platform business through digital licensing partnerships in India, the Middle East and most recently in Norway. These partnerships accelerate global expansion and therefore the Group plans to invest further in digital partnerships going forward.

Revenue by geography:

£m	HY18	HY17	YoY Var	2017 Full Year
UK	42.0	33.0	9.0	67.2
US	10.4	8.5	1.9	19.1
Revenue between segments	(1.3)	(0.6)	(0.7)	(1.9)
Total revenue	51.1	40.9	10.2	84.4

Revenue by division:

£m	HY18	HY17	YoY Var	2017 Full Year
Media	26.2	16.2	10.0	34.1
Magazine	24.9	24.7	0.2	50.3
Total revenue	51.1	40.9	10.2	84.4
% recurring	28%	27%	4%	27%

The Media division has seen strong organic growth in eCommerce, events and digital advertising. This has been driven by Future's increasing expertise in delivering eCommerce revenue across its brands and its ability to capitalise on the growth in programmatic advertising through its proprietary tech stack, as well as the use of data to optimise conversion rates.

In FY17, the US opportunity was highlighted with a significant gap in the Media monetisation of US audiences at £0.74 per user in the US versus £1.40 per user in the UK as a result of our relatively smaller scale in the US.

To better take advantage of the US growth opportunity, the US headquarters were relocated to New York from San Francisco to improve the efficiency of global teams by increasing working hours overlap. During the first half, US growth has been a continued focus, with investment in both the supporting infrastructure and the management team.

The investment is yielding benefits, with US revenue per user increasing from £0.59 to £0.80 year-on-year for the 12 months to March 2018 and US digital advertising in local currency is up 22% year-on-year.

The US now represents one of the most exciting elements of the Group, with Media revenues now representing 85% of total US revenues with a gross contribution margin of 86%. We believe that a significant opportunity for growth remains in the US as a result of audience monetisation still lagging behind the UK at £0.80 per user versus £1.58 per user in the UK for the 12 months to March 2018.

The UK also performed well with total revenue growth of 27%, of which 4% was organic. Media revenues increased 77%, of which 30% was organic, delivered by both digital advertising and eCommerce.

Media now includes the Home Interest portfolio which adds considerable scale to the portfolio of events. All but two of the seven Homebuilding & Renovating Show events have now been held under Future's ownership and have proved successful, with an H1 proforma revenue increase of 9% from shows demonstrating the success of our yield optimisation strategy.

Magazine revenue increased by 1%, bolstered by the acquisition of Home Interest and from continual innovation particularly in premium issues and bookazines.

We continue to take advantage of popular events throughout the year and trends in consumer interest, publishing over 270 topic specific bookazines in H1 alone, up 16% year-on-year, and 28 premium issues, up from four in the prior year. For example, the Total Film premium issue, "Star Wars: The Last Jedi", took full advantage of the hype around the release of the film at the end of 2017.

Expanding global reach

Future has market leadership in many of the markets in which it operates. The Group is growing its global audience organically, and via strategic partnerships, while acquisitions present an opportunity to accelerate growth.

Future's substantial online audience has grown by 19% year-on-year to 58m, 18% of which is organic growth. Future achieved this growth by harnessing data insight and excellent journalism to create media for audiences that connect and embrace all routes to market. In line with the Group's focus on the US opportunity, audience growth in the US has been particularly marked, with online users up 14% year-on-year.

In addition, Future has expanded its global reach through licensing its platform business, which includes licensing digital content and the technology platform. Future continues to reach global audiences with strategic partnerships in India, the Middle East and Norway.

Buy & build strategy

The Group now has a strong track record of sourcing and swiftly integrating bolt-on acquisitions. Future's selection strategy is based on identification of assets within new verticals, as well as opportunities to monetise existing elements of the Group's business model.

The integration of Home Interest, acquired in August 2017, is now complete. Following the acquisition, Realhomes.com was launched in November 2017. Realhomes.com is a home interiors website accompanied by buying guides to take advantage of current trends in the audience's online search and purchase intent.

Future's scalable tech stack enabled the launch of RealHomes.com in just five weeks. Realhomes.com online users have grown by over 150% since December, after launching in November, and a number of new monetisation trials are underway.

In April the Group announced the acquisition of NewBay Media. The deal expands Future's reach into the US market, providing further scale of operations as a platform for growth and enhances its market leading position in consumer music. In addition, the acquisition brings B2B titles in the complementary verticals of audio visual, television broadcasting and educational technology, which will further increase Future's revenue diversification model whilst also bringing B2B expertise to its existing titles.

On 1 May, Future completed the acquisition of four brands from Haymarket Media Group. These were the technology brand What Hi-Fi? Sound & Vision, cementing Future's position in the technology sector as well as providing an entry into the adjacent audio visual market. In addition, the acquisition allows the Group to diversify into new specialist markets, notably sport and outdoor leisure with soccer brand FourFourTwo along with Practical Caravan and Practical Motorhome.

The acquisition adds digital scale, particularly with Whathifi.com, as well as providing continued operating efficiencies for magazines. The proposed acquisition agreement had initially included Stuff. However, following early conversations with the Competition & Markets Authority, Future decided not to acquire this asset.

Current trading and outlook

The H1 results show continued strong momentum as the Group delivers on its strategy to build a profitable global platform business for specialist media with diversified revenue streams.

The recent acquisitions of Newbay Media (April) and the four specialist titles from Haymarket (May) provide an opportunity for further growth once the businesses are integrated into Future's core operating model and infrastructure.

Trading for the year to date has been robust and the Board remains confident of meeting its full year expectations.

Financial review

Financial summary

	H1 18 £m	H1 17 £m
Revenue	**51.1**	40.9
Adjusted EBITDA	**8.8**	4.8
Depreciation	**(0.3)**	(0.2)
Adjusted amortisation	**(1.0)**	(0.8)
Adjusted operating profit	**7.5**	3.8
Finance costs	**(0.5)**	(0.4)
Adjusted profit before tax	**7.0**	3.4

Earnings per share	**H1 18**	**H1 17**
Adjusted basic earnings per share (p)	**13.5**	9.3
Basic earnings per share (p)	**7.4**	2.8

Reconciliation of non-statutory measures:

Statutory profit before tax reconciles to adjusted operating profit as follows:

	H1 18 £m	H1 17 £m
Adjusted operating profit	**7.5**	**3.8**
Finance costs	(0.5)	(0.4)
Adjusted profit before tax	**7.0**	**3.4**
Adjusting items:		
Share based payments	(1.4)	(0.4)
Exceptional costs	(0.3)	(1.1)
Amortisation of acquired intangibles	(2.0)	(1.0)
Statutory profit before tax	**3.3**	**0.9**

The financial review is based primarily on a comparison of continuing adjusted results for the six months ended 31 March 2018 with those for the six months ended 31 March 2017. Unless otherwise stated, change percentages relate to a comparison of these two periods.

Revenue
Group revenue was £51.1m (2017: £40.9m), reflecting the acquisition of Home Interest, which contributed £7.1m of revenue in the period, and the strong growth of Media revenues.

UK revenue increased by 27% to £42.0m (2017: £33.0m) and US revenue increased by 22% to £10.4m (2017: £8.5m).

*Media division**
Media revenue has increased by 62% to £26.2m (2017: £16.2m), driven by the Group's fast growing revenue streams; eCommerce and events. Media revenues now make up 51% of total revenue.

In the UK, revenues increased by 77% to £18.6m (2017: £10.5m) with eCommerce growing 56% and events revenue increasing by 142% - driven by the acquisition of Home Interest.

The US also experienced strong growth in revenues, which were up 42% year-on-year to £8.8m (2017: £6.2m), with revenue from affiliates being the biggest driver of this growth.

Magazine division
Magazine revenue increased to £24.9m (2014: £24.7m), reflecting the acquisition of Home Interest's print titles in FY17 offset by the continued print decline.

The Group's focus is on building recurring revenue streams, which have annuity like qualities. These encompass eCommerce and subscriptions, which now represents 28% of the Group's total revenue (2017: 27%).

EBITDA
The Group's adjusted EBITDA increased to £8.8m (2017: £4.8m), reflecting the strong growth of the Media division and the shift towards higher margin activities.

Statutory exceptional items
Exceptional costs amounted to £0.3m (2017: £1.1m) and relate to restructuring and redundancy related costs.

Finance costs
Finance costs were £0.5m (2017: £0.4m), reflecting higher interest payments on the additional debt taken on to fund the Home Interest acquisition. The Group has continued to focus on efficient management of its cash position.

Taxation
The tax amount for the six months ended 31 March 2018 is based on the effective rate, estimated on a full year basis by territory, being applied to the taxable profits or losses of each territory for the six months ended 31 March 2018.

Earnings per share

	H1 18	H1 17
Adjusted earnings per share (p)	**13.5**	9.3
Basic earnings per share (p)	**7.4**	2.8

Adjusted earnings per share is based on the profit after taxation which is then adjusted to exclude share based payments, exceptional items, amortisation of intangible assets arising on acquisitions, impairment of intangible assets, non-trading exchange movements and related tax effects.

The adjusted profit after tax amounted to £6.1m (2017: £3.3m) and the weighted average number of shares in issue was 45.5m (2017: 35.5m).

Cashflow and net debt
Net debt at 31 March 2018 was £2.0m (2017: net debt of £5.2m).

Cash inflow from operations before exceptional items was £11.1m (2017: £6.2m). Exceptional cashflows of £0.7m represent vacant property lease costs and restructuring and redundancy costs.

Capital expenditure was £1.0m (2017: £1.1m) in the period.

Principal risks and uncertainties
The principal risks and uncertainties for the remainder of the year are largely unchanged from those detailed in the Group's Annual Report and Accounts for the year ended 30 September 2017. Reference should be made to page 9 of the 2017 Annual Report and Accounts for more details on the potential impact of risks and examples of mitigation.

* Geographical revenues for Media and Magazine include revenue between segments of £1.3m.

Condensed consolidated interim financial statements

Consolidated income statement
for the six months ended 31 March 2018

		6 months to 31 March 2018			6 months to 31 March 2017		
	Note	**Adjusted results £m**	**Adjusting items £m**	**Statutory results £m**	Adjusted results £m	Adjusting items £m	Statutory results £m
Revenue	1,2	**51.1**	**-**	**51.1**	40.9	-	40.9
Net operating expenses	3	**(43.6)**	**(3.7)**	**(47.3)**	(37.1)	(2.5)	(39.6)
Operating profit		**7.5**	**(3.7)**	**3.8**	3.8	(2.5)	1.3
Finance costs	6	**(0.5)**	**-**	**(0.5)**	(0.4)	-	(0.4)
Profit before tax	1	**7.0**	**(3.7)**	**3.3**	3.4	(2.5)	0.9
Tax on profit/(loss)	7	**(0.9)**	**1.0**	**0.1**	(0.1)	0.2	0.1
Profit for the period attributable to owners of the parent		**6.1**	**(2.7)**	**3.4**	3.3	(2.3)	1.0

Earnings per 15p Ordinary share

		6 months to 31 March 2018			6 months to 31 March 2017		
	Note	**Adjusted results pence**	**Adjusting items pence**	**Statutory results pence**	Adjusted results pence	Adjusting items pence	Statutory results pence
Basic earnings per share	9	**13.5**	**(6.1)**	**7.4**	9.3	(6.5)	2.8
Diluted earnings per share	9	**12.3**	**(5.5)**	**6.8**	8.7	(6.1)	2.6

Consolidated statement of comprehensive income
for the six months ended 31 March 2018

	6 months to 31 March 2018 £m	6 months to 31 March 2017 £m
Profit for the period	**3.4**	1.0
Items that may be reclassified to the consolidated income statement		
Currency translation differences	(0.4)	0.1
Other comprehensive (loss) / profit for the period	**(0.4)**	0.1
Total comprehensive income for the period attributable to owners of the parent	**3.0**	1.1

Consolidated statement of changes in equity

for the six months ended 31 March 2018

	Note	Issued share capital £m	Share premium account £m	Merger reserve £m	Treasury reserve £m	Accumulated losses £m	Total equity £m
Balance at 1 October 2017		6.8	47.4	122.5	(0.3)	(115.1)	61.3
Profit for the period		-	-	-	-	3.4	3.4
Currency translation differences		-	-	-	-	(0.4)	(0.4)
Other comprehensive loss for the period		-	-	-	-	(0.4)	(0.4)
Total comprehensive income for the period		-	-	-	-	3.0	3.0
Share capital issued during the period		-	-	-	-	-	-
Share schemes							
- Value of employees' services	5	-	-	-	-	1.2	1.2
- Deferred tax on share options						0.5	0.5
Balance at 31 March 2018		**6.8**	**47.4**	**122.5**	**(0.3)**	**(110.4)**	**66.0**
Balance at 1 October 2016		3.7	27.6	109.0	(0.3)	(118.8)	21.2
Profit for the period		-	-	-	-	1.0	1.0
Currency translation differences		-	-	-	-	0.1	0.1
Other comprehensive income for the period		-	-	-	-	0.1	0.1
Total comprehensive loss for the period		-	-	-	-	1.1	1.1
Share capital issued during the period		1.8	13.5	-	-	-	15.3
Share schemes							
- Value of employees' services	5	-	-	-	-	0.4	0.4
Balance at 31 March 2017		**5.5**	**41.1**	**109.0**	**(0.3)**	**(117.3)**	**38.0**

Consolidated balance sheet
as at 31 March 2018

	Note	**31 March 2018 £m**	31 March 2017 £m	30 September 2017 £m
Assets				
Non-current assets				
Property, plant and equipment		**1.1**	0.9	1.0
Intangible assets - goodwill		**65.7**	46.4	65.8
Intangible assets - other		**24.1**	12.4	26.5
Investments		**0.2**	-	0.2
Deferred tax		**4.7**	1.7	4.4
Total non-current assets		**95.8**	61.4	97.9
Current assets				
Inventories		**0.8**	0.6	0.7
Corporation tax recoverable		**0.2**	0.2	0.1
Trade and other receivables		**16.2**	13.2	13.6
Cash and cash equivalents		**17.5**	4.8	10.1
Total current assets		**34.7**	18.8	24.5
Total assets		**130.5**	80.2	122.4
Equity and liabilities				
Equity				
Issued share capital	10	**6.8**	5.5	6.8
Share premium account		**47.4**	41.1	47.4
Merger reserve		**122.5**	109.0	122.5
Treasury reserve		**(0.3)**	(0.3)	(0.3)
Accumulated losses		**(110.4)**	(117.3)	(115.1)
Total equity		**66.0**	38.0	61.3
Non-current liabilities				
Financial liabilities - interest-bearing loans and borrowings		**17.0**	9.4	16.9
Financial liabilities - derivatives		**-**	0.1	-
Corporation tax payable		**-**	2.1	-
Deferred tax		**4.4**	1.5	4.6
Provisions		**2.3**	1.4	2.6
Other non-current liabilities		**0.5**	0.6	0.6

Total non-current liabilities	**24.2**	15.1	24.7
Current liabilities			
Financial liabilities - interest-bearing loans and borrowings	**2.5**	0.6	3.2
Financial liabilities - derivatives	**0.1**	0.1	0.1
Trade and other payables	**35.2**	25.0	29.9
Corporation tax payable	**2.5**	1.4	3.2
Total current liabilities	**40.3**	27.1	36.4
Total liabilities	**64.5**	42.2	61.1
Total equity and liabilities	**130.5**	80.2	122.4

Consolidated cash flow statement
for the six months ended 31 March 2018

	6 months to 31 March 2018 £m	6 months to 31 March 2017 £m
Cash flows from operating activities		
Cash generated from operations	**10.4**	3.2
Interest paid	**(0.4)**	(0.3)
Tax paid	**(0.9)**	(0.8)
Net cash generated from operating activities	**9.1**	2.1
Cash flows from investing activities		
Purchase of property, plant and equipment	**(0.4)**	(0.5)
Purchase of computer software and website development	**(0.6)**	(0.6)
Purchase of magazine titles and events	**-**	(0.8)
Purchase of subsidiary undertakings, net of cash acquired	**0.3**	1.0
Disposal of magazine titles and trademarks	**-**	0.2
Net cash used in investing activities	**(0.7)**	(0.7)
Cash flows from financing activities		
Costs of share issue	**-**	(0.1)
Draw down of bank loans	**-**	11.3
Repayment of bank loans	**(0.6)**	(10.3)
Bank arrangement fees	**-**	(0.4)
Net cash (used) / generated from financing activities	**(0.6)**	0.5
Net increase in cash and cash equivalents	**7.8**	1.9
Cash and cash equivalents at beginning of period	**10.1**	2.9
Exchange adjustments	**(0.4)**	-
Cash and cash equivalents at end of period	**17.5**	4.8

Notes to the consolidated cash flow statement
for the six months ended 31 March 2018

A. Cash generated from operations

The reconciliation of profit for the period to cash flows generated from operations is set out below:

	6 months to 31 March 2018 £m	6 months to 31 March 2017 £m
Profit for the period	**3.4**	1.0
Adjustments for:		
Depreciation charge	**0.3**	0.2
Amortisation of intangible assets	**3.0**	1.8
Share schemes		
- Value of employees' services	**1.2**	0.4
- National insurance costs on share schemes	**0.2**	-
Net finance costs	**0.5**	0.4
Tax credit	**(0.1)**	(0.1)
Profit before changes in working capital and provisions	**8.5**	3.7
Movement in provisions	**(0.3)**	(0.1)
(Increase) / decrease in trade and other receivables	**(2.8)**	2.0
Increase / (decrease) in trade and other payables	**5.0**	(2.4)
Cash generated from operations	**10.4**	3.2

B. Analysis of net debt

	1 October 2017 £m	Cash flows £m	Exchange movements £m	31 March 2018 £m
Cash and cash equivalents	10.1	7.8	(0.4)	**17.5**
Debt due within one year	(3.1)	0.6	-	**(2.5)**
Debt due after more than one year	(17.0)	-	-	**(17.0)**
Net debt	**(10.0)**	**8.4**	**(0.4)**	**(2.0)**

C. Reconciliation of movement in net cash/(debt)

	6 months to 31 March 2018 £m	6 months to 31 March 2017 £m
Net (debt)/cash at start of period	**(10.0)**	0.5
Increase in cash and cash equivalents	**7.8**	1.9
Movement in borrowings	**0.6**	(1.0)
Borrowings acquired with subsidiary	-	(6.9)
Exchange movements	**(0.4)**	-
Other non-cash changes	**-**	0.3
Net debt at end of period	**(2.0)**	(5.2)

Basis of preparation

This unaudited condensed consolidated interim financial information for the six months ended 31 March 2018 has been prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting' as adopted by the European Union, and in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority.

The interim financial information contained in the Interim Report should be read in conjunction with the Annual Report for the year ended 30 September 2017.

The Interim Report does not constitute statutory accounts as defined in section 434 of the Companies Act 2006 and has not been audited. A copy of the statutory financial statements for the year ended 30 September 2017 has been filed with the Registrar of Companies. The auditors' report on those accounts was unqualified, and it did not contain any statements under section 498(2) or section 498(3) of the Companies Act 2006. The auditors have carried out a review of the Interim Report and their review report is included at the back of this report.

Having considered the Group's funding position and latest forecasts, the Directors believe that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Directors continue to adopt the going concern basis in preparing the condensed interim financial information.

The accounting policies adopted, methods of computation and presentation are consistent with those set out in the Group's statutory accounts for the financial year ended 30 September 2017.

There has been no material impact from the adoption of new standards, amendments to standards or interpretations which are relevant to the Group.

Presentation of non-statutory measures

The Directors believe that adjusted results and adjusted earnings per share provide additional useful information on the core operational performance of the Group to shareholders, and review the results of the Group on an adjusted basis internally. The term 'adjusted' is not a defined term under IFRS and may not therefore be comparable with similarly titled profit measurements reported by other companies. It is not intended to be a substitute for, or superior to, IFRS measurements of profit. Adjustments are made in respect of:

Share-based payments - share-based payment expenses or credits are excluded from the adjusted results of the Group as the Directors believe that the volatility of these charges can distort the user's view of the core trading performance of the Group.

Exceptional items - the Group considers items of income and expense as exceptional and excludes them from the adjusted results where the nature of the item, or its size, is material and likely to be non-recurring in nature (in the medium term) so as to assist the user of the financial statements to better understand the results of the core operations of the Group. Details of exceptional items are shown in note 4.

Amortisation of acquired intangible assets - the amortisation charge for those intangible assets recognised on business combinations is excluded from the adjusted results of the Group since they are non-cash charges arising from non-trading investment activities. As such, they are not considered reflective of the core trading performance of the Group.

Non-trading foreign exchange losses - certain other items are excluded from adjusted results where they are considered large or unusual enough to distort the comparability of core trading results year on year.

The tax related to adjusting items is the tax effect of the items above that are allowable deductions for tax purposes calculated using the standard rate of corporation tax.

A reconciliation of adjusted operating profit to profit/(loss) before tax is shown below:

	6 months to 31 March 2018 £m	6 months to 31 March 2017 £m
Adjusted operating profit	**7.5**	3.8
Finance costs	**(0.5)**	(0.4)
Adjusted profit before tax	**7.0**	3.4
Adjusting items:		
Share based payments	**(1.4)**	(0.4)
Exceptional costs	**(0.3)**	(1.1)
Amortisation of acquired intangibles	**(2.0)**	(1.0)
Profit before tax	**3.3**	0.9

A reconciliation between adjusted and statutory earnings per share measures is shown in note 9.

Notes to the financial information
for the six months ended 31 March 2018

1. Segmental reporting

The Group is organised and arranged primarily by reportable segment. The executive Directors consider the performance of the business from a geographical perspective, namely the UK and the US. The Australian business is considered to be part of the UK segment and is not reported separately due to its size.

Segment revenue

	6 months to 31 March 2018 £m	6 months to 31 March 2017 £m
UK	**42.0**	33.0
US	**10.4**	8.5
Revenue between segments	**(1.3)**	(0.6)
Total	**51.1**	40.9

Transactions between segments are carried out at arm's length.

Segment EBITDA

	6 months to 31 March 2018 £m	6 months to 31 March 2017 £m
UK	**4.2**	2.9
US	**4.6**	1.9
Total segment EBITDA	**8.8**	4.8

EBITDA is used by the executive Directors to assess the performance of each segment.

A reconciliation of total segment EBITDA to profit before tax is provided as follows:

	6 months to 31 March 2018 £m	6 months to 31 March 2017 £m
Total segment EBITDA	**8.8**	4.8
Share based payments	**(1.4)**	(0.4)
Depreciation	**(0.3)**	(0.2)
Amortisation	**(3.0)**	(1.8)
Exceptional items	**(0.3)**	(1.1)
Finance costs	**(0.5)**	(0.4)
Profit before tax	**3.3**	0.9

2. Revenue

An additional analysis of the Group's revenue is shown below:

	6 months to	6 months to

	31 March 2018 £m	31 March 2017 £m
Media	**26.2**	16.2
Magazine	**24.9**	24.7
Total	**51.1**	40.9

3. Net operating expenses

Operating profit is stated after charging:

	6 months to 31 March 2018			6 months to 31 March 2017		
	Adjusted results £m	**Adjusting items £m**	**Statutory results £m**	Adjusted results £m	Adjusting items £m	Statutory results £m
Cost of sales	**(28.4)**	**-**	**(28.4)**	(24.9)	-	(24.9)
Distribution expenses	**(2.4)**	**-**	**(2.4)**	(2.4)	-	(2.4)
Share based payments	**-**	**(1.4)**	**(1.4)**	-	(0.4)	(0.4)
Exceptional items (note 4)	**-**	**(0.3)**	**(0.3)**	-	(1.1)	(1.1)
Depreciation	**(0.3)**	**-**	**(0.3)**	(0.2)	-	(0.2)
Amortisation	**(1.0)**	**(2.0)**	**(3.0)**	(0.8)	(1.0)	(1.8)
Other administration expenses	**(11.5)**	**-**	**(11.5)**	(8.8)	-	(8.8)
Total	**(43.6)**	**(3.7)**	**(47.3)**	(37.1)	(2.5)	(39.6)

4. Exceptional items

	6 months to 31 March 2018 £m	6 months to 31 March 2017 £m
Vacant property provision movements	**-**	0.1
Restructuring and redundancy costs	**0.3**	1.0
Total	**0.3**	1.1

5. Employee costs

	6 months to 31 March 2018 £m	6 months to 31 March 2017 £m
Wages and salaries	**12.9**	12.8
Social security costs	**1.5**	1.2
Other pension costs	**0.3**	0.3
Share schemes		
- Value of employees' services	**1.2**	0.4
Total employee costs	**15.9**	14.7

IFRS 2 'Share-based Payment' requires an expense for equity instruments granted to be recognised over the appropriate vesting period, measured at their fair value at the date of grant.

The fair value has been calculated using the Monte Carlo and Black-Scholes models, using the most appropriate model for each scheme. Assumptions have been made in these models for expected volatility, risk-free rates and dividend yields.

Key management personnel compensation

	6 months to 31 March 2018 £m	6 months to 31 March 2017 £m
Salaries and other short-term employee benefits	**0.8**	0.9
Share schemes		
- Value of employees' services	**0.7**	0.2
Total	**1.5**	1.1

Key management personnel are deemed to be the members of the Board of Future plc. It is this Board which has responsibility for planning, directing and controlling the activities of the Group.

6. Finance costs

	6 months to 31 March 2018 £m	6 months to 31 March 2017 £m
Interest payable on interest-bearing loans and borrowings	**0.3**	0.2
Amortisation of bank loan arrangement fees	**0.1**	0.1
Other finance costs	**0.1**	0.1
Total	**0.5**	0.4

7. Tax on profit

The tax amount for the six months ended 31 March 2018 is based on the effective rate, estimated on a full year basis by territory, being applied to the taxable profits or losses of each territory for the six months ended 31 March 2018.

Consistent with prior periods the Group corporation tax provision reflects management's estimation of the amount of tax payable for fiscal years with open tax computations where liabilities remain to be agreed with Her Majesty's Revenue and Customs and other tax authorities.

8. Dividends

Equity dividends	**6 months to 31 March 2018**	6 months to 31 March 2017
Number of shares in issue at end of period (million)	**45.7**	36.6
Dividends paid and payable in period (pence per share)	**-**	-
Dividends paid and payable in period (£m)	**-**	-

Interim dividends are recognised in the period in which they are paid and final dividends are recognised in the period in which they are approved.

9. Earnings per share

Basic earnings per share are calculated using the weighted average number of Ordinary shares in issue during the period. Diluted earnings per share have been calculated by taking into account the dilutive effect of shares that would be issued on conversion into Ordinary shares of awards held under employee share schemes.

On 2 February 2017, the Company issued one new Ordinary share of 15 pence for each 15 existing Ordinary shares following completion of a share consolidation. The weighted average number of shares in issue for the comparative period has been adjusted for the share consolidation.

Adjusted earnings per share remove the effect of share based payments, exceptional items, amortisation of intangible assets arising on acquisitions, impairment of intangible assets, exchange losses included in finance costs and any related tax effects from the calculation.

	6 months to 31 March 2018	6 months to 31 March 2017
Adjustments to profit/(loss) after tax:		
Profit after tax (£m)	**3.4**	1.0
Share based payments (£m)	**1.4**	0.4
Exceptional items (£m)	**0.3**	1.1
Amortisation of intangible assets arising on acquisitions (£m)	**2.0**	1.0
Tax effect of the above adjustments (£m)	**(1.0)**	(0.2)
Adjusted profit after tax (£m)	**6.1**	3.3
Weighted average number of shares in issue during the period:		
- Basic	**45,515,128**	35,486,454
- Dilutive effect of share options	**4,495,228**	2,287,214
- Diluted	**50,010,356**	37,773,668
Basic earnings per share (in pence)	**7.4**	2.8
Adjusted basic earnings per share (in pence)	**13.5**	9.3
Diluted earnings per share (in pence)	**6.8**	2.6
Adjusted diluted earnings per share (in pence)	**12.3**	8.7
The adjustments to profit after tax have the following effect:		
Basic earnings per share (pence)	**7.4**	2.8
Share based payments (pence)	**3.1**	1.1
Exceptional items (pence)	**0.7**	3.1
Amortisation of intangible assets arising on acquisitions (pence)	**4.4**	2.8
Tax effect of the above adjustments (pence)	**(2.1)**	(0.5)
Adjusted basic earnings per share (pence)	**13.5**	9.3
Diluted earnings per share (pence)	**6.8**	2.6
Share based payments (pence)	**2.8**	1.1
Exceptional items (pence)	**0.6**	2.9
Amortisation of intangible assets arising on acquisitions (pence)	**4.0**	2.6
Tax effect of the above adjustments (pence)	**(1.9)**	(0.5)
Adjusted diluted earnings per share (pence)	**12.3**	8.7

10. Issued share capital

During the period 350,380 Ordinary shares (31 March 2017: 11,983,668) with a nominal value of £52,577 (31 March 2017: £1,797,550) were issued by the Company pursuant to share scheme exercises throughout the period.

As at 31 March 2018 there were 45,743,194 Ordinary shares in issue (31 March 2017: 36,567,574).

11. Contingent assets and contingent liabilities

At 31 March 2018 there were no material contingent assets or contingent liabilities (31 March 2017: £nil).

12. Subsequent events

On 3 April 2018 Future completed the acquisition of Newbay Media LLC (Newbay), the US based information and events business, for an initial net consideration of £8.6m cash and £1.1m shares, with a further potential deferred consideration of up to £3.9m in January 2019, depending on the future performance of the acquired business. Newbay's information and events business operates in three key verticals: Television & Video, Entertainment & Educational Technology and Music. Newbay's market leading brands include Music Week, Twice and Broadcasting & Cable.

On 1 May 2018 Future completed the acquisition of the specialist consumer titles of What Hi-Fi?, FourFourTwo, Practical Caravan and Practical Motorhome from Haymarket Media Group for consideration of up to £13m, including the issuance of 370,708 shares.

Statement of Directors' responsibilities

The Directors confirm that to the best of their knowledge the condensed interim financial information contained in the Interim Report has been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and that the Interim Management Report herein includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8, namely: an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; a description of the principal risks and uncertainties for the remaining six months of the financial year; and material related-party transactions in the first six months and any material changes in the related-party transactions described in the last annual report.

A list of current Directors is maintained on the Future plc website, www.futureplc.com.

By order of the Board

Directors
Richard Huntingford
Chairman
James Hanbury
Deputy Chairman
Zillah Byng-Thorne
Chief Executive
Penny Ladkin-Brand
Chief Financial Officer
Hugo Drayton
Independent non-executive Director
Alan Newman
Independent non-executive Director

17 May 2018

The maintenance and integrity of the Future plc website is the responsibility of the Directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent review report to Future plc

Report on the condensed consolidated interim financial statements

Our conclusion

We have reviewed Future plc's condensed consolidated interim financial statements (the "interim financial statements") in the half year results of Future plc for the 6 month period ended 31 March 2018. Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

What we have reviewed

The interim financial statements comprise:

- the consolidated balance sheet as at 31 March 2018;
- the consolidated income statement and consolidated statement of comprehensive income for the period then ended;
- the consolidated cash flow statement for the period then ended;
- the consolidated statement of changes in equity for the period then ended; and
- the explanatory notes to the interim financial statements.

The interim financial statements included in the half year results have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

As disclosed in the basis of preparation in the interim financial statements, the financial reporting framework that has been applied in the preparation of the full annual financial statements of the Group is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Responsibilities for the interim financial statements and the review

Our responsibilities and those of the Directors

The half year results, including the interim financial statements, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half year results in accordance with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

Our responsibility is to express a conclusion on the interim financial statements in the half year results based on our review. This report, including the conclusion, has been prepared for and only for the company for the purpose of complying with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What a review of interim financial statements involves

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We have read the other information contained in the half year results and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

PricewaterhouseCoopers LLP
Chartered Accountants
Bristol
17 May 2018